



## **DRAFT 2008 AMENDMENTS TO THE** Long-Term Council Community Plan (LTCCP) 2006-16



MAKING CHRISTCHURCH A WORLD-CLASS BOUTIQUE CITY

## SUMMARY OF INFORMATION

This document contains a summary of the information contained in the Statement of Proposal for draft 2008 Amendments to the Christchurch City Council's Long Term Council Community Plan 2006-16. It is intended to be a fair representation of the major matters in the statement.

The Statement of Proposal has been prepared for the purpose of consulting with the community in respect of matters contained in it.

The draft 2008 Amendments to the LTCCP 2006-16:

- (a) Implement the waste minimisation strategy contained in the Council's Waste Management Plan 2006. The Council is required by the Local Government Act 2002 to make provision for the additional cost of implementation in its LTCCP 2006-16, in particular the proposed introduction of a new system for the kerbside collection of waste, organic waste and recyclable materials. This, and other relevant costs, are referred to in the amended financial overview, the income statement, the cash flow statement and the notes to the financial statements that are included in the proposed amendments.
- (b) Amend the Revenue and Financing Policy to:
  - (i) accommodate the introduction of a waste minimisation targeted rate to fund the kerbside collection and disposal of organic and other waste and recyclable materials;
  - (ii) remove reference to the rates and charges of the former Banks Peninsula District Council;
  - (iii) update the balances of the Church Bay and Governors Bay targeted rates;
  - (iv) update the relative proportions of capital value for each of the Council's business, residential and rural sectors; and
  - (v) allow the changes reflected in the draft Annual Plan 2008/09 to be implemented.

The draft 2008 Amendments to the LTCCP 2006-16 will be available for inspection during ordinary office hours at the following places:

- Civic Offices, 163-173 Tuam Street, Christchurch.
- Christchurch City Council Libraries and Service Centres.

A copy of the draft may also be viewed on the Council's website [www.ccc.govt.nz/ltccp](http://www.ccc.govt.nz/ltccp).

Submissions on the draft may be made to the Council from Monday 31 March until 5.00pm on Thursday 1 May 2008. The submissions may be made:

- Electronically at [www.ccc.govt.nz/haveyoursay](http://www.ccc.govt.nz/haveyoursay).
- By email to [consultation@ccc.govt.nz](mailto:consultation@ccc.govt.nz).
- By using the submission form contained in the draft 2008 Amendments to the LTCCP 2006-16.
- Or in other written form to the Christchurch City Council, PO Box 237, Christchurch.

Any person who makes a submission will have the opportunity to be heard by the Council, but must make that request. Hearings will be held from Monday 12 May to Wednesday 14 May 2008.

The Local Government Act 2002 requires the Council to make all written submissions on this consultation available to the public. This requirement is subject to the provisions of the Local Government Official Information and Meetings Act 1987. Anyone wishing to withhold any information of a private or personal nature from their submissions should first discuss this with Kevin Roche, phone 941-8112.

It is proposed to amend the LTCCP 2006-16 as follows:

- (a) By replacing the Council's Revenue and Financial Policy with the new policy contained in the draft 2008 Amendments to the Long Term Council Community Plan 2006-16.

- (b) By amending the costs of the proposed services resulting from implementation of the Waste Management Plan 2006, in particular the new system for the kerbside collection of organic and other waste and recyclable materials at page 75 and 143 of the LTCCP 2006-16.
- (c) By reflecting the amended costs in the Financial Overall (page 75), the Income Statement (page 181), the Cash Flow Statement (pages 184-185) and the Notes to the financial statements on pages 186-187 of the LTCCP 2006-16.

In November 2006 the Council adopted a Waste Management Plan. This followed consultation with the community, Council seminars and a working party established to investigate options for achieving the vision, goals and targets contained in the Plan.

The Council now proposes to implement the waste management strategy contained in the Plan. The cost of new processing plants for organic waste and recyclable materials has already been provided for in the LTCCP 2006-16. The cost of an enhanced kerbside collection service has yet to be included in the LTCCP and is subject to consultation. The result of the consultative process carried out in the period 2005-2007 was that two options for the collection service were considered to be capable of meeting the Council's criteria for its waste minimisation strategy. These were a two bin and a bag system and a three bin system.

Under the two bin and a bag system, the Council would provide a 240 litre wheelie bin for the fortnightly collection of an expanded range of recyclable materials and a 140 litre wheelie bin for the weekly collection of organic waste (food scraps and green waste). Official Council rubbish bags would continue to be collected each week, although residents would need to buy the bags from supermarkets or service centres.

The three bin system includes, in addition to the wheelie bin collection service for organic waste and recyclable materials, an 80 litre wheelie bin for the collection of household rubbish.

On 4 March 2008 the Council resolved to adopt the three bin system as its preferred option.

The Council has also resolved to approve the rate and user charge funding of its waste minimisation strategy as follows:

- A new uniform targeted rate for organic and recycling;
- A 75% part charge for outlying depot based service (predominantly in the Banks Peninsula wards);
- User charges for collections within the CBD; and
- The balance of the net cost funded by general rates.

Introduction of the new targeted rates requires changes to be made to the Revenue and Financing Policy which can only be done by an amendment to the LTCCP. Submissions are invited on both the cost of introducing the proposed three bin system for the kerbside collection of waste, organic waste and recyclable materials and the proposed targeted rates to fund the Council's waste minimisation strategy.

Further information with regard to financial and economic considerations applicable to these matters are contained in the Statement of Proposal.

# Submission Form

## Draft 2008 Amendments to the Long-Term Council Community Plan (LTCCP) 2006-16

### PLEASE READ BEFORE COMPLETING YOUR SUBMISSION

The public consultation period is from  
Monday 31 March 2008 to Thursday 1 May 2008.

It will help us if you:

- clearly state the issue you want the Council to consider:
  - what specific action you think the Council should take, and
  - why that should be done.
- cite the specific page(s) of the draft 2008 Amendments to the LTCCP 2006-16
- type or use black ink for your submission.

Please note: We are legally required to make all written or electronic submissions available to the public and to Councillors, this includes the name and address of the submitter (subject to the provisions of the Local Government Official Information and Meetings Act 1987). If you consider these compelling reasons why your contact details and/or submission should be kept confidential, you should contact the Assistant Council Secretary Kevin Roche, telephone 941-8112. All submissions will be published on the Council's website from 12 May 2008.

You may send us your submission:

#### On the internet:

You may enter your submission using the form provided on the Council's website at [www.ccc.govt.nz](http://www.ccc.govt.nz).

Please follow all the instructions on the website.

#### By email:

[ccc-plan@ccc.govt.nz](mailto:ccc-plan@ccc.govt.nz)  
Please make sure that your full name and address is included with your submission.

#### By mail:

(no stamp is required) to

Freepost 178  
Annual Plan  
Christchurch City Council  
PO Box 237  
Christchurch

**No anonymous submissions will be accepted.**

**Whether you use this form or not, you must provide your full name, address and telephone number. If you are submitting on behalf of an organisation, please state this and your role within that organisation.**

**Submissions must be received (NOT postmarked) at the Tuam Street Civic Offices no later than 5pm on Thursday 1 May 2008. To ensure receipt, hand deliver last-minute submissions to the Civic Offices, 163-173 Tuam Street.**

### Your submission

If you wish, you can present your submission at a hearing. If that is the case, please tick the appropriate box below. The hearings will be held from 12 May 2008 to 14 May 2008. Five to ten minutes will be allocated for speaking to your submission, including time for questions from the Councillors. The Council will confirm the date and time of your hearing in writing, by email or by telephone call.

Tick one	<input type="checkbox"/>	I do NOT wish to discuss my submission at the hearing, and ask that this written submission be considered
		OR
	<input type="checkbox"/>	I wish to discuss the main points in my written submission at the hearings to be held between Monday 12 May 2008 and Wednesday 14 May 2008
Are you completing this submission: <input type="checkbox"/> For yourself <input type="checkbox"/> On behalf of a group or organisation		
If you are representing a group or organisation, how many people do you represent? <input type="text"/>		

Your Name

Organisation name (if applicable)

Organisation role (if applicable)

Contact Address

Phone No. (day)  Phone No. (evening)

Email (if applicable)

Signature  Date

Please be as specific as possible to help us understand your views. What do you want the Council to consider? What specific action you think the Council should take? Why should this be done? Please refer to specific pages of the draft 2008 Amendments to the LTCCP 2006-16.

You may add more pages if you wish. Thank you for your submission.

**REPORT TO THE READERS OF  
CHRISTCHURCH CITY COUNCIL'S  
PROPOSED AMENDMENTS TO THE LONG-TERM COUNCIL COMMUNITY PLAN  
STATEMENT OF PROPOSAL  
FOR PUBLIC CONSULTATION FOR THE TEN YEARS COMMENCING 1 JULY 2006**

The Auditor-General is the auditor of the Christchurch City Council (the City Council). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to report on the Statement of Proposal for adoption of the proposed amendments to the Long Term Council Community Plan (the Statement of Proposal) on his behalf.

The City Council adopted its Long Term Council Community Plan (LTCCP) for the ten years commencing 1 July 2006 on 30 June 2006.

We expressed an unqualified opinion on the City Council's LTCCP for the ten years commencing 1 July 2006 in our audit report dated 30 June 2006. We considered that the LTCCP provided a reasonable basis for long term integrated decision-making by the City Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the City Council.

The City Council is now proposing to amend its LTCCP for the ten years commencing 1 July 2006 to implement the waste minimisation strategy contained in the Waste Management Plan 2006, in particular the proposed introduction of a new system for the kerbside collection of waste, organic waste and recyclable materials, and to amend the revenue and financing policy. The Statement of Proposal provides information about the proposed amendments to the City Council's LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

## **Opinion**

### ***Overall opinion***

In our opinion, the information within the Statement of Proposal on pages 1 to 26, about the proposed amendments to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, is fairly presented and the City Council has complied with the applicable requirements of the Local Government Act 2002 (the Act) in preparing the Statement of Proposal.

It is not our responsibility to express an opinion on the merits of any policy content within the Statement of Proposal.

In forming our overall opinion, we considered our opinion on specific matters required by the Act, which is set out below.

## ***Opinion on specific matters required by the Act***

The Auditor-General is required by section 84(4) of the Act to report on:

- the extent to which the Statement of Proposal complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the Statement of Proposal; and
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

In terms of our obligation to report on the matters outlined in section 84(4) of the Act, as it applies to the proposed amendments to the LTCCP, in our opinion:

- the City Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information used to prepare the Statement of Proposal provides a reasonable basis for the preparation of the forecast information;
- the assumptions set out within the Statement of Proposal are based on best information currently available to the City Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information within the Statement of Proposal has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information is presented in accordance with generally accepted accounting practice in New Zealand;
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a Council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 25 March 2008, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the City Council and the Auditor, and explain our independence.

## **Basis of opinion**

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000 (revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the

International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the information within the Statement of Proposal, about the proposed amendments to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, does not contain material misstatements.

Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the Statement of Proposal, determining compliance with the requirements of the Act, and evaluating the overall adequacy of the presentation of information.

We obtained all the information and explanations we required to support the opinion above.

### **Responsibilities of the Council and the Auditor**

The City Council is responsible for preparing a LTCCP under the Act, by applying the City Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The City Council's responsibilities arise from Section 93 of the Act.

Section 84 of the Act requires the City Council, when considering amendments to the LTCCP, to prepare a Statement of Proposal. The City Council must include a draft of the parts of the LTCCP that are proposed to be amended, and an accompanying draft of any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

We are responsible for expressing an independent opinion on the Statement of Proposal and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

### **Independence**

When reporting on the Statement of Proposal we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report, and in conducting the audit of the LTCCP and the annual audit, we have no relationship with or interests in the City Council.



S M Tobin  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



## **STATEMENT OF PROPOSAL FOR DRAFT 2008 AMENDMENTS TO THE LONG TERM COUNCIL COMMUNITY PLAN 2006-16**

### **Introduction**

This statement is required to be made by the Local Government Act 2002. It is to be read with the draft 2008 Amendments to the Long Term Council Community Plan (LTCCP) 2006-16. The statement has been prepared for the purpose of consulting with the community in respect of the proposals contained in it.

The draft 2008 Amendments to the LTCCP 2006-16:

- (a) Implement the waste minimisation strategy contained in the Council's Waste Management Plan 2006. The Council is required by the Local Government Act 2002 to make provision for the additional cost of implementation in its LTCCP 2006-16, in particular the proposed introduction of a new system for the kerbside collection of waste, organic waste and recyclable materials. This, and other relevant costs, are referred to in the amended financial overview, the income statement, the cashflow statement and the notes to the financial statements.
- (b) Amend the Revenue and Financing Policy to:
  - (i) Accommodate the introduction of a waste minimisation targeted rate to fund the kerbside collection and disposal of organic and other waste and recyclable materials.
  - (ii) Remove reference to the rates and charges of the former Banks Peninsula District Council.
  - (iii) Update the balances of the Church Bay and Governors Bay targeted rates.
  - (iv) Update the relative proportions of capital value for each of the Council's business, residential and rural sectors.
  - (v) Allow the changes reflected in the draft Annual Plan 2008/09 to be implemented.
- (c) The activities of the Christchurch City Council are those identified in its LTCCP 2006-16. The proposals in this draft 2008 Amendments to the LTCCP 2006-16 are the Council's preferred options, and continue the intentions published in that document.

### **Submissions**

The draft 2008 Amendments to the LTCCP 2006-16 will be available for inspection during ordinary office hours at the following places:

- Civic Offices, 163-173 Tuam Street, Christchurch.
- Christchurch City Council Libraries and Service Centres.

A copy of the draft may also be viewed on the Council's website [www.ccc.govt.nz/ltccp](http://www.ccc.govt.nz/ltccp).

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- By using the submission forms contained in the draft 2008 Amendments to the LTCCP 2006-16.
- Or in any other written form to the Christchurch City Council, PO Box 237, Christchurch.

Any person who makes a submission will have the opportunity to be heard by the Council, but must make that request. Hearings will be held from Monday 12 May to Wednesday 14 May 2008.

The Local Government Act 2002 requires the Council to make all written submissions on this consultation available to the public. This requirement is subject to the provisions of the Local Government Official Information and Meetings Act 1987. Anyone wishing to withhold any information of a private or personal nature from their submissions should first discuss this with Kevin Roche, Ph 941-8112.

### **Cautionary Note**

The forecast financial statements in these draft 2008 Amendments to the LTCCP 2006-16 have been prepared on the basis of best estimates available at the time of preparing the accounts. Actual results are likely to vary from the information presented and the variations may be material.

The purpose of the draft 2008 Amendments to the LTCCP 2006-16 is to consult with the community. Following the consultation period there may be changes made to the draft Amendments. If at the end of the consultative process the Council decides to make the amendments these will be formally adopted on 25 June 2008.

### **Scope of Information**

The draft 2008 Amendments to the LTCCP 2006-16 cover the operations of Christchurch City Council only. The results of its subsidiary companies are not consolidated.

### **Responsibility**

The Council and management of Christchurch City Council accept responsibility for the preparation of the draft 2008 Amendments to the LTCCP 2006-16 and the judgements supplied therein.

### **Authorisation for Issue**

The draft 2008 Amendments to the LTCCP 2006-16 were considered by the Council on 27 March 2008 and approved for release for the purposes of public consultation.

The 2008 Amendments to the LTCCP 2006-16 will be issued in final form, following public consultation, no later than 1 August 2008.

### **Details of the Proposal**

It is proposed that the LTCCP 2006-16 be amended by:

- (a) Replacing pages 75, 143, 181, 184, 185, 186 and 187 with new pages, copies of which are attached.
- (b) Replacing the existing Revenue and Financing Policy with a new policy, a copy of which is attached.

### **Reasons for the Proposal**

Section 539 of the Local Government Act 1974 requires every local authority to adopt a Waste Management Plan. This is to:

- (a) Make provision for the collection and reduction, reuse, recycling, recovery, treatment, or disposal of waste; and
- (b) Provide for its effective efficient implementation.

In adopting its Waste Management Plan, the Council followed the special consultative procedure. There were also a number of Council seminars held and in February 2006 the Council established a working party to investigate options for achieving the vision, goals and targets contained in the Plan. Following receipt of the working party's recommendations and further seminars, the Council adopted the Waste Management Plan 2006 in November 2006.

The Council is now at the point where it proposes to implement the waste management strategy contained in the Plan. The cost of new processing plants for organic waste and recyclable materials have already been provided for in the LTCCP 2006-16. The cost of an enhanced kerbside collection service has yet to be included and is subject to consultation. The result of the consultative process carried out in the period 2005-2007 was that two options for the collection service were considered to be capable of meeting the Council's criteria for its waste minimisation strategy. These were a two bin and a bag system and a three bin system.

Under the two bin and a bag system, the Council would provide a 240 litre wheelie bin for the fortnightly collection of an expanded range of recyclable materials and a 140 litre wheelie bin for the weekly collection of organic waste (food scraps and green waste). Official Council rubbish bags would continue to be collected each week, although residents would need to buy the bags from supermarkets or service centres.

The three bin system includes, in addition to the wheelie bin collection service for organic waste and recyclable materials, an 80 litre wheelie bin for the collection of household rubbish.

Following adoption of the Waste Management Plan 2006, further work was carried out in respect of the two options. In December 2007 Council staff were authorised to conclude contractual terms and conditions and finalise commercial discussions with a preferred tenderer for both a two bin and bag and three bin system. On 4 March 2008 the Council resolved to adopt the three bin system as its preferred option.

The reasons for this were:

- (a) As a result of the tender process, the cost of collecting household rubbish in a bin will be less than the cost of using "user pays" bags.
- (b) Using a bin removes the need to have runners working with each collection vehicle and is a better option from a health and safety point of view.
- (c) The current practice in New Zealand of collecting rubbish in bags will be phased out during the terms of this project.
- (d) Using a bin will address issues of littering and damage to bags caused by animals.

Also at its meeting on 4 March 2008 the Christchurch City Council resolved to approve the rate and user-charge funding of its waste minimisation strategy as follows:

- A new uniform targeted rate for organic waste and recycling;
- A 75% part charge for outlying depot based service (predominantly in the Banks Peninsula wards);
- User charges for collections within the CBD; and
- The balance of the net cost funded by general rates.

The proposed targeted rates will be charged on a uniform basis to all occupied parts of a rating unit which receive or are entitled to receive the standard service of three separate bins for organic waste, recycling and rubbish. An alternative service will be available in specific circumstances that will be defined by the Council under its service entitlement rules. Those few rating units (mainly in the Banks Peninsula wards) that do not have a kerbside collection service will have access, for a part charge, to refuse depots.

Introduction of the new targeted rates requires changes to be made to the Revenue and Financing Policy which can only be done by an amendment to the LTCCP.

The opportunity has also been taken to further amend the policy by removing reference to the rates and charges of the former Banks Peninsula District Council, updating the balances of the Church Bay and Governors Bay targeted rates and updating the relative proportions of capital value for each of the business residential and rural sectors.

## **Financial Considerations**

The additional cost of implementing the Council's waste minimisation strategy, with the three bin kerbside collection service will be \$6.2 million in 2008/09 and \$12.4 million in 2009/10. Compared to the financial information contained in the LTCCP 2006-16 (which was prepared two years ago and does not reflect other minor subsequent changes) the cost impact will be \$6.7 million in 2008/09 and \$10.2 million in 2009/10.

These costs have been included in the Council's draft Annual Plan 2008/09 but have not previously been budgeted for in the LTCCP 2006-16. For this reason, and because of the significance of the additional cost,

the Council is required by the Local Government Act 2002 to consult with its ratepayers before it can make a decision to amend the LTCCP to reflect the additional cost.

The changes required to budgeted figures for subsequent years of the LTCCP 2006-16 are reflected in the replacement page 75 attached.

At present the Council provides free to ratepayers 26 rubbish bags each year with the cost, including collection and disposal charges being recovered through the general rate. If "user pays" bags were introduced for the collection and disposal of rubbish as part of the two bin and a bag system, this cost would fall on ratepayers choosing to use that service, in addition to the net cost of the system that would be funded by rates.

The total cost of the three bin system will be \$21.5 million in 2008/09. It is proposed that of this sum, \$11.3 million will be funded from the new targeted rates and \$10.2 million will be funded from general rates.

Where the level of service for the collection and disposal of waste and recyclable materials is different for outlying properties, predominately in the Banks Peninsula wards, a lower uniform targeted rate (75% of the full charge) will be assessed to the rating units in this area.

The central business district will substantially continue with the current level of service. For both commercial and residential ratepayers, the current recycling bins will be withdrawn and replaced with "user pays" recycling bags. For commercial ratepayers there will be no change to the level of service currently provided to them. Residential ratepayers will be required to pay for rubbish bags.

### **Social Considerations**

The Council has had regard to social considerations, particularly the potential impact of the new waste minimisation targeted rates. It is the Council's view that any impact in terms of the present and social wellbeing of ratepayers is minimal. The Council's proposal strikes a balance between the general benefits of an enhanced kerbside collection service funded by general rates and the direct benefits service being funded by uniform charges.

The proposal allows the Council to charge only those ratepayers who receive the enhanced service by way of the uniform charge. A full targeted rate option would have a higher social impact on lower valued properties.

The Council has also considered the impact the proposed three bin system may have on various sectors of the community, particularly the elderly, those living in apartment buildings and in hill suburbs. Smaller bins, communal waste collection bins and a suitable collection system for some properties on the hills are being considered.

### **Environmental Considerations**

Implementation of the Council's waste minimisation strategy will result in the reduction of waste (particularly organic waste) going to the Kate Valley Landfill. There will also be greater opportunities for recycling. Currently 630 tonnes of rubbish per day are taken from Christchurch to that facility. The proposed introduction of the new kerbside collection service will assist the city's aim of becoming the most sustainable city in New Zealand.

The new system will reduce the amount of rubbish going to the landfill by one third. Kitchen scraps and garden green waste will be composted rather than dumped. 20% of the rubbish could be recycled. A third less rubbish would result in 2,000 fewer return trips to Kate Valley. This means reduced carbon emissions and less congestion, wear and tear on our roads.

The three bin system for the kerbside collection of waste, organic waste and recyclable materials has been introduced in Timaru where already the amount of waste going to landfill has been reduced by 70%.

## **Cultural Considerations**

The Council is not aware of any cultural issues that should be taken into account in respect of the proposals contained in this statement.

## **Economic Considerations**

Successful implementation of the 2006 Waste Management Plan will result in considerable benefits to the Council's ratepayers. It is acknowledged that to achieve these benefits, it will be necessary to increase rates in the 2008/09 and 2009/10 financial years. This increase will be maintained in subsequent years.

The Council has considered the impact on the rates and user charges that will result from implementation of its waste minimisation strategy. If all costs were recovered in the general rate charging structure by relative capital value, any increase in costs resulting from a change in the level of service would be met by all ratepayers in proportion to the capital value of their properties. If the costs were recovered by way of a targeted rate, they would be met by all ratepayers using the service. The proposed option is that costs will be recovered partially by a targeted rate, with the balance to be funded by the general rate.

An analysis of the rates impact on a sample of properties is attached.

## **Risks**

The risks of not adopting the waste minimisation targeted rates may be that the implementation of the strategy is delayed. The effect of this would be that waste going to the Kate Valley would remain at current levels, and likely to increase.

## **Analysis of Options Considered by the Council**

As indicated earlier, the Council has resolved that the three bin system for the kerbside collection service is its preferred option. The reasons for this are:

- (a) The current collection service has limited capacity for recyclable materials and there are serious health and safety issues associated with it. In addition, continuing with this service would not enable the Council to meet its waste reduction targets.
- (b) The two bin and a bag system would be more expensive to operate. The cost of collecting and disposing of household rubbish in "user pays" bags would be more than the cost of using bins.
- (c) Using a bin to collect household rubbish removes the need to have runners working with each collection vehicle. A bin is a much safer option and in fact the use of bags for the collection of rubbish is being phased out.
- (d) Using a bin will address issues of littering and damage to bags caused by animals.

The current charging option for waste collection and disposal has all the costs recovered in the general rate by capital value. If this was to be used to fund the Council's waste minimisation activities, any cost increases resulting from a change in the level of service would impact on all general ratepayers proportionally to their capital value.

The Council could adopt a single, but differentiated uniform targeted rate. However, it is believed that a simpler and clearer option is a separate targeted rate for each of the two areas of benefit. In addition this method of funding puts more of the cost into rates, as opposed to a user pays approach that operates outside the rating system.

The Council considered three options before approving for consultation the proposal set out in this statement. These were:

- (a) The current system of recovering all costs in the general rate by the relative capital value of properties. If this option was adopted for the implementation of the waste minimisation strategy, any cost

increases resulting from a change in the level of service would have to be met by all general ratepayers in proportion to the capital value of those properties. Those in lower valued properties would face a higher percentage increase than those whose homes were worth more.

- (b) A second option was to recover all costs under a targeted rate. Where drop-off facilities only were available, ratepayers would pay 75% of the full charge. The central business district would have a system of user charges and a small balance of costs remaining would be covered by general rates. A single but differentiated uniform targeted rate is considered not to be as simple nor clear as a separate targeted for each of the two areas of benefit.
- (c) The preferred option is as follows:
  - (i) The costs of the enhanced kerbside collection service will be recovered by way of a targeted rate;
  - (ii) For those properties, mainly in the Banks Peninsula wards, where community drop-off facilities for rubbish and recycling only are available, a lower uniform targeted rate (75% of the full charge) will be paid;
  - (iii) For the central business district, a system of user charges will be introduced that will extend to both residential and business premises for the collection and disposal of waste and recyclable materials; and
  - (iv) The balance of the net cost will be funded by general rates.

The attached table (Appendix 1) shows the impacts on a sample of rating units at various capital values.

The options shown are:

1. For the proposal to change the method of collection of waste:
  - (a) 2008/09 rate requirement for the current bag and crate system, made up of the Annual Plan rate requirement for 2008/09 (under the three bin system) less the additional costs of \$6.2 million of that year for the three bin system.
2. For the proposal to change the rate structure:
  - (a) 2008/09 rate requirement with the new Waste Minimisation Strategy of 3 bins, under:
    - (i) Rate charge - Option 1 - the current general rate system
    - (ii) Rate charge - Option 2 - a new Waste Rate for Organics and Recycling only
    - (iii) Rate charge - Option 3 - a new Waste Rate for all 3 bins
  - (b) 2009/10 rate requirement with the new Waste Minimisation Strategy of 3 bins. For the purposes of this comparison the rate increase has been estimated at 5% after growth in the rate base plus the additional waste minimisation costs of \$6.2 million.

The rate options are:

- (i) Rate charge - Option 1 - the current general rate system
- (ii) Rate charge - Option 2 - a new Waste Rate for Organics and Recycling only
- (iii) Rate charge - Option 3 - a new Waste Rate for all 3 bins

## Report from the Auditor

Section 84(4) of the Local Government Act 2002 requires that a statement of proposal for a amendment to the LTCCP must contain a report from the Council's auditor. That report is attached.

**Proposed Amendments to the LTCCP 2006-16**

It is proposed to amend the LTCCP 2006-16 as follows:

- (a) By replacing the Council's Revenue and Financing Policy with the new policy contained in the document "Draft 2008 Amendments to the Long Term Council Community Plan 2006-16".
- (b) By amending the costs of the proposed services resulting from implementation of the 2006 Waste Management Plan, in particular the new system for the kerbside collection of organic and other waste and recyclable materials, at page 75 and 143 of the LTCCP 2006-16.
- (c) By reflecting the amended costs in the Financial Overview (page 75), the Income Statement (page 181), the Cash Flow Statement (pages 184-185) and the Notes to the financial statements on pages 186-187 of the LTCCP 2006-16 (some of these pages were also amended in the 2007 Amendments to the LTCCP 2006-16).

## **Revenue and Financing Policy**

### **LTCCP 2006-16– amended for 2008/09**

#### **Introduction**

The Local Government Act 2002 (the “Act”) requires the Council to adopt a Revenue and Financing Policy which ensures that operating revenue is set at a sufficient level to meet the projected operating expenses, and that sources of funding are sufficient to meet capital expenditure. This policy will ensure the Council's community plan is financially sustainable and that debt is maintained at a manageable level. Included within the policy is a requirement to produce a balanced budget as defined in section 100 of the Act.

The Revenue and Financing Policy sets the context for rates, revenue charges, and capital expenditure funding, all of which are disclosed in the Funding Impact Statement. It has been developed within the context of the other financial policies of Council, and will apply for the next three years.

#### **LTCCP amendments 2008/09**

The Revenue and Financing Policy is amended this year to reflect a change in rating structures. The refuse collection and disposal services are changing from a black bag and recycling bin to a three bin service. The new service includes the collection of organic waste and will be introduced progressively from February 2009. The Council has concluded that a change to the rate recovery process should be made from 1 July 2008 to better reflect the rate impact and benefit distribution.

New Waste Minimisation Targeted Rates will be introduced from 1 July 2008. The base rate will be charged on a uniform basis to every rating unit which receives the service (or separately occupied part) and will fund the recycling and organic waste collection and disposal costs. Secondly, a new targeted rate will be charged to those few rating units on the Banks Peninsula who use a refuse depot instead of the kerbside collection.

The residual cost of refuse minimisation and refuse disposal will be funded by General rates.

#### **Funding of expenditure**

The Act prescribes a series of issues to be considered. Section 101(3) requires each activity to be analysed, and decisions made about the most appropriate method of funding the operating and capital expenditure. The following matters were considered for each activity when deciding how to fund the Council's operational expenditure:

- The Community Outcomes to which the activities contribute;
- 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 or inactions 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
- 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.

The policy has two discrete areas; the financing of capital expenditure and of operating expenses.

#### **Financing of capital expenditure**

The Council's capital expenditure covers:



- Purchase of assets, and
- New investments in Council companies.

The capital expenditure to be financed is developed on a city wide priority basis for all assets and the need for efficient city-wide funding. It is corporately funded, rather than by Council activity or group of activities, however there is some use of reserve funds specific to certain asset purchases. The amounts are disclosed on the Financial Overview table of the Draft Annual Plan 2008/09 on page 20.

The sources of funding include:

- Revenues received for capital expenditures, such as LTNZ subsidies – these are included in the operating surplus;
- Depreciation funds, being revenue received to cover the cost of depreciation;
- Financial contributions and development contributions (see the Development Contributions Policy);
- Sale of assets;
- Draw-down of special funds set aside for capital expenditure; and
- Borrowing.

The Council's financial management principles, as disclosed on page 16 of the Draft Annual Plan, 2008/09 provide that:

- Rating for depreciation will be applied to capital expenditure annually;
- Debt will be repaid within 30 years of raising to ensure inter-generational equity;
- The balance of capital expenditure will be funded from reserves, sale of assets and loans;
- Operating expenditure will be funded from operating revenue;
- The Council will budget for an operating surplus each year;
- Financial management will be based on maintaining projections within the four financial ratios; and
- The Council has the objective of maintaining at least an AA credit rating from Standard and Poor's.

## **Financing Operational Expenditure**

### **Activity funding – some underlying assumptions:**

The full description of each Activity, its service description and objectives is contained in the Activity Management Plans.

The activities are included within each Group of Activity page in the Annual Plan. The Group pages outline the costs of each Activity, revenue sources for each and the rationale. The table at the end of this policy is a summary of the Activity analysis and revenue source with emphasis on rate revenue.

Further information is available on the nature and outcome of the activity analysis if required.

### **General versus direct benefits, and the impact on the community:**

The Council services are divided into 46 activities. These in turn are summarised into 12 groups of activities. (See the Council's Activities section in the Annual Plan).

The services produced can be analysed as being either for public good or private good. Public goods provide general benefits to the community as a whole, while private goods yield direct benefits to consumers. The majority of services provided by the Council have some public good characteristics and lie on a continuum between the two. For example, the Parks activities provide

direct benefits to the users, both citizens and ratepayers, and general benefits to the community, who have, for instance, an open space in their neighbourhood.

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

The benefits for each activity have been identified within the Group of Activities, which include a description of the activity and its contribution to Community Outcomes. The funding decisions follow this description.

### **Benefit analysis:**

The funding analysis of activities is based on the following assumptions:

- The gross cost of an activity is assumed to equal the benefits delivered by the activity;
- An allocation of benefits is made between general benefits and direct customer benefits. This is a subjective choice of the Council;
- General benefits are funded by rates, generally on a straight capital value basis, as the benefit applies to the community as a whole. The community is represented by the capital values of rating units and therefore capital values are the rating base, because:
  - Capital value reflects relative value of utilisation of Council services;
  - Conceptually it reflects relative ability to pay in that ownership of property 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; and
  - 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 are those where there is a consuming “customer”, either a person or entity, and the service provided by the council is wholly or substantially consumed by them.

### **User charges:**

The direct benefits are the result of Council analysis of each activity as required by Section 101.3 of the Act. That analysis concluded that some activities produce direct benefits, namely the portion of the cost of the service accruing to the direct customers. This does not mean that a user charge will follow, but merely that if a charge was to be made (or in fact could be made given the nature of the service and the ability of Council to charge) this would be the maximum.

Charges can be made to customers of the service if the Council policies for user charges allow, or if there is an appropriate charging mechanism for the service. Where a charge is made, the price decision will take into account the relevant service delivery policy, access to services and affordability issues. These decisions of Council are made after taking into account the social, economic, environmental, and cultural wellbeing of the community (as required by the Act and the interests of the community).

Where, in the opinion of the Council, there is no practical means of charging the users or there is a Council policy constraint such as promoting open access to a service, there is either a minimal or nil charge.

Often, at an activity level, user charges for a Council service activity will not cover the direct costs to users (the direct benefits). In that case a user charge shortfall occurs. Funding of direct benefit shortfalls is by rates by relative capital values (predominantly General rates but also some targeted rates) because:

- shortfalls of direct benefits after user charges occur as a result of Council policy decisions, as expressed in pricing policies, where Council has decided not to charge the customers a full cost recovery, and
- the stakeholders are represented by those who pay rates, expressed as relative capital values.

Where the activity is wholly funded by targeted rates, the shortfall is charged to the targeted rate payers.

Fees are set by Council and the revenue is reflected in the Annual Plan Group of Activity pages. On the Group page disclosing the financial budget are notes giving further explanation of the level of fees and subsidies and the rationale of their selection. The table attached to this policy shows how effect is given to this policy.

### **Rates distribution, some underlying assumptions:**

The major outcome of this Revenue and Financing Policy is the basis for allocation of rates.

Most general benefits (and direct benefit shortfalls) apply equally to all rate paying sectors and therefore relative capital values or rating units (the properties) is the appropriate primary driver of allocation of the net rate requirement.

All rating is based on relative capital value without differentiating between rating sectors, with the exceptions as noted below where benefits do not apply equally.

The capital values for each sector are estimated to be in the following proportions:

- Business sector 20.46%
- Residential and Base sector 75.61%
- Rural Sector 3.93%

Where there is an unequal allocation of rates to rating units, and where funded by General rates, the allocation of rates must use differential sectors. This means that 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 and the application for this Council is defined in the Funding Impact Statement in the Draft Annual Plan 2008/09 on page 64.

The results of this Revenue and Financing Policy define the rate requirement which is then allocated to each sector, resulting in different rate decimals for each sector for the rate type.

Differential rating is used for General rates only and uses the three sectors listed above.

The targeted rates fund both the general benefits and direct benefits.

### **Revenue and Finance Policy: Conclusions for funding of operating expenditure**

#### **General conclusions:**

The conclusions of the analysis for each activity is shown on the Group of Activity pages in the Annual Plan. The following is a summary of the conclusions. This summary is reflected in the table attached to this policy.

The activities of the Council have been reviewed and the following conclusions reached:

- General benefits will be recovered by rates based on capital values;
- The targeted rate funded activities will recover both general and direct benefits as the benefits are predominantly restricted to the serviced area.
- Direct benefits may be recovered by fees and charges;

- In many activities, there is no practical charging mechanism and therefore fee charging for direct benefits is not possible;
- There is a shortfall of direct benefits and rates are the best funding source;
- The rate funded shortfall of direct benefits accrues to rating units, assumed to be in proportion to capital value;
- Corporate revenues, made up of interest on funds, dividends and petroleum tax are raised to the maximum possible amount and are assumed to accrue to ratepayers who pay General rates on the basis of straight capital value. They do not offset activity costs, but reduce the total rates.

### **The basis of the exception to straight capital value rating**

The total net operating cost of the Council is recovered by rates on a straight capital value basis to general rates except for those listed below:

1. The 'Streets' activity, in the group 'Streets and Transport';
2. Land classed as 'rural' for differential rating purposes;
3. Uniform Annual General charges;
4. Targeted rates – charges by capital values, but to serviced properties for water, sewerage, and land drainage, including:
  - Targeted rates for some water and sewerage services – Church Bay and Governors Bay schemes and Excess Water Charges.
  - Proposed Waste minimisation targeted rates for rubbish, recycling and organic waste collection and disposal charged to serviced properties on a uniform basis.

### **1. Streets activity loading on the Business Sector**

There is an exceptional demand on city streets by the business sector. A study has identified that one heavy vehicle is equal to over 10,000 cars in terms of wear and tear to the road system.

The study concludes that after taking into account:

- The class of vehicles using the roads;
- The distance travelled by 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.

there is justification for a rate loading applied to the business (differential) sector for general rates. This loading is to the advantage of the residential and rural (differential) sectors.

The Council has concluded that an allocation of 55% to the business sector is appropriate based on the City Streets unit's funding model. This percentage was calculated in 2006 and continues until 2009.

It is the business sector as a group which necessitates considerable extra expenditure to provide the strength of roads for heavy traffic. Its use of land and the traffic movements from it, and the potential land use as a result of Business zoning, means the business sector contributes significantly to the need to undertake the service.

The standard of construction necessary and supplied by Council for streets is sufficient to meet forecast use. Where that use includes significant heavy vehicles, the standard of construction and the quantum of maintenance is substantially higher than would be necessary if there was no heavy traffic. If Council chose not to provide extra maintenance the road structure would breakdown resulting in a subsequent increase in 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.

Within the Streets Activity costs, the allocation to the business sector can be broken down by expenditure type:

- Depreciation on streets is allocated at 61.48% to the business sector 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 focused significantly on provision and expansion of capacity both for heavy trade vehicles and volume;
- Maintenance expenditure is allocated 46% 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;
- 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 streets activity is 55%.

### **Rural sector rate differential**

Rating units in the rural sector will continue to have a lower general rate. The rural sector will have a fixed relationship of 75% of the general rate decimal (the multiplier) applying to the residential and base sector. This maintains the current relationship.

This lower general rate (as compared to residential) is justified on the following basis:

- A lower standard of services generally is provided to outlying rural properties (no footpaths or street lighting);
- There is a greater distance from Council provided services and therefore reduced use of those amenities by ratepayers (lack of adjacent parks etc);
- The impact of the level of services provided by the Council on 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.

### **3. Uniform Annual General Charge (UAGC):**

A UAGC of \$115 applies to rating units. The Council has concluded that \$115 is appropriate because:

- It is a fair modification of rates after considering the overall impact of rates allocated; and
- It is a fair allocation within each differential sector because the UAGC impacts on rates incidence, not on rate sector allocation. The charge recognises a common service to all properties.

The UAGC is 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. This means that a rating unit with multiple occupancies may have to pay several UAGC's.

### **4. Targeted rates**

#### **Current targeted rates**

The existing targeted rates will continue to be set:

- The activities and targeted rates of water and sewerage continue on straight capital values, with the rates applied to the serviced properties only, and in the case of water, half rates to those not connected.
- Land drainage rates will apply to the serviced area, adjusted annually, but to recover the direct benefits of the utility portion only.
- The underlying allocation assumptions are the same as for the general rate activities assumptions, except that the rate is restricted to the serviced area only and is not differentiated.
- The excess water targeted rate and the water supply fire connection targeted rate will continue as in the past, with the unit charge increase.
- The two special loan-servicing targeted rates for Church Bay and Governors Bay will continue as originally intended and agreed with the ratepayers concerned at the time the schemes were commissioned:
  - The estimated balance of the loans as at 1 July 2008 is:
    - Church Bay water and sewerage scheme – \$54,392 with one year to run;
    - Governors Bay water and sewerage scheme - \$204,414 with 8 years to run.
  - The uniform targeted rate in each case will be set to recover interest and principal on a table basis with the interest rate being 7%.
  - Any ratepayer may make an advanced payment of the balance of their liability for these uniform targeted rates on the basis of:
    - For rating years other than the current year, the amount payable will be the Net Present Value of the uniform rates estimated to be payable, discounted at the current interest rate;
    - For the current year, the balance of the rates assessed.

### **Proposed Waste Minimisation Targeted Rate.**

Two new Waste Minimisation targeted rates for recycling and organic waste collection and disposal will be introduced from 1 July 2008. The rates will recover both the general and direct benefits from serviced properties only.

The remaining city wide refuse costs are recovered in the general rate made up of:

- City wide waste minimisation initiatives
- Rubbish collection and disposal

The Council has concluded on a standard unit of service. Where several units of service are supplied because, for instance, there are several separately occupied parts of the rating unit, multiple charges will apply, one for each unit of service. In this case the full uniform charge will be made.

Where the level of service is different for outlying rating units, predominantly on the Banks Peninsula, because the kerbside collection is not possible and refuse depots are provided, a lower uniform targeted rate (75% of the full charge) will be assessed.

The Council have concluded this rate structure will more closely match the benefits from the Council funded services.

The central business district (as defined by the Waste Minimisation Plan) will have a userpay rubbish and recycling collection service but will not have an organics collections service. The targeted rate will not apply to this area of the city.

As a result of this new rate, the General rate by capital values will reduce and the rates by uniform charges will increase. This will change the incidence of rates.

### **Proposed Service Levels**

The changes to the level of service are intended to occur progressively from February 2009. The standard level of service from that date is:

- Organic waste – 80 litre wheelie bin, with a weekly collection
- Recycling – 240 litre wheelie bin, with a fortnightly collection
- Rubbish – 140 litre wheelie bin with a fortnightly collection

### **Area of benefit - Which rating units get the service:**

There are different levels of service in the city. The rate charge follows the level of service.

A -Where there is a kerbside collection service, as defined by the City Water and Waste Unit Manager, the standard service is available to the following on the basis of one unit of service:

- All fully rateable properties, and
- Every separately used and inhabited part of a rating unit, as defined by the UAGC definition, excluding:
  - Rating Units (land) on which a Uniform Annual General Charge is not made or remitted,
  - Vacant land,
  - Land with a storage shed only and the capital value is less than \$30,000

B - Outside the kerbside collection service area, with access to a local drop-off collection depot for recycling and rubbish

C - Within the CBD, (as defined by the Refuse CBD map)

- The 6 day collection of rubbish bags and weekly collection of recyclables will continue
- The costs for this will continue to be recovered by General Rate by capital values and after the new service is introduced, by charges for the collection bags

There will be circumstances where the standard unit of service is not appropriate for the property occupier. For these properties, the Council will vary the collection services. The policy will be set by the City Water and Waste Unit Manager.

Where the rules allow, and by agreement with the ratepayer, the provision of alternatives to bins may be made where the use of bins is impractical, as, for example, in the case of:

- multi occupancy apartment buildings,
- dwellings with limited access, and
- for occupiers where physical disability.
- 

In these cases the unit of charge is the same as if the standard service was made under A above.

### **Charging for the Waste Minimisation collection service**

Two new uniform Waste Minimisation Targeted Rates will be introduced from 1 July 2008 for the services of:

- Organic waste
- Recycling

The remaining refuse costs will be recovered as part of the General Rates.

*a. Waste Minimisation Targeted Rate – Full Charge*

For those rating units with the standard level of service within the kerbside collection area, a rate charge will be made for each unit of collection service.

The rate charge for 2008/09 is \$82 on every separately used or inhabited part of a rating unit in the serviced area, as defined by the UAGC definition.

The charge will be made to non rateable rating units where the service is provided.

The charge will not be made to rating units in the serviced area which do not receive the service as defined by the City Water and Waste Unit Manager. These may include:

- Rating Units (land) on which a Uniform Annual General Charge is **not** made,
- Land which does **not** have improvements recorded,
- Land with a storage shed only and the capital value is less than \$30,000,
- Not charged to CBD properties (as defined by the CBD refuse map).

*b. Waste Minimisation Targeted Rate – Part Charge*

For rating units outside the kerbside collection area, where a limited depot collection service is available, a uniform targeted rate of 75% of the full rate will be made.

The rate charge for 2008/09 is \$62 on every separately use or inhabited part of a rating unit in the serviced area, as defined by the UAGC definition

The rate may be changed from year to year to reflect changes in costs.

### **Summary of the rates system to be used**

Rates fund the net operational costs of the Council, expressed on an activity basis:

- Differentials will apply for General Rates only;
- Capital Value is the rating base;
- All activities other than those specified for targeted rates below, will be funded by General Rates and assessed to rating units by:
  - Capital Values,
  - Differentiated to rate sectors of Residential, Business and Rural, and
  - Uniform Annual General Charge of \$115 on each separately used part of a rating unit.
- Targeted rates will be set for:
  - Water supply activities,
  - Sewerage activities,
  - Land Drainage utility activities,
  - Water fire connection and excess water supply,
  - Church Bay and Governors Bay water and sewerage rates.
  - Waste Minimisation Targeted Rates

### **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 the Annual Plan.



# Revenue and Financing Policy - Summary table

## Funding of operating expenses for 2008/09

	Total Cost Net Gst	Direct Benefits	Activity Revenue	Direct Benefits Shortfall	General Benefits	Total Rates Net Gst	Total Rates Gst Inc	Residential Rates	Business Rates	Rural Rates	Non rateable Rates	Total Rates Gst Inc
<b>General Rate Funded Activities</b>												
All activities other than Streets	321,931	168,604	189,287	-20,683	153,327	132,644	149,225					
<i>Allocation - General rates by capital values</i>		52.37%			47.63%							
Streets activity - carriageway portion	46,249	23,125	4,500	18,625	23,125	41,749	46,968					
<i>Allocation - with a loading on Business</i>		50.00%			50.00%							
Total General Rates	368,180	191,729	193,787	-2,058	176,452	174,393	196,192					
Rates by Capital Value								120,137	52,110	4,684		176,932
Uniform Annual General Charge - \$115								16,927	1,984	351		19,261
<b>Total General Rates</b>								137,064	54,094	5,035		196,192
<b>Targeted Rates:</b>												
Water Supply Targeted Rate	22,707	18,166	3,238	14,928	4,541	19,469	21,903	16,913	4,105	175	710	21,903
<i>Allocation</i>		80.00%			20.00%			77.22%	18.74%	0.80%	3.24%	
Sewerage	33,054	25,625	3,830	21,795	7,429	29,224	32,877	25,550	6,129	96	1,101	32,877
<i>Allocation</i>		80.00%			20.00%			77.71%	18.64%	0.29%	3.35%	
Land Drainage	8,980	3,428	23	3,405	5,552	8,957	10,076	7,959	1,957	161		10,076
<i>Allocation</i>		50.00%			50.00%			78.98%	19.42%	1.59%	0.00%	
Refuse	11,307	10,176		10,176	1,131	11,307	12,720	11,211	1,301	208		12,720
<i>Allocation</i>		90.00%						88.14%	10.23%	1.64%	0.00%	
Church Bay and Governors Bay Loan r	96	96		96		96	108	108				108
<i>Allocation</i>		100.00%						100.00%				
	444,324	249,220	200,878	48,342	195,105	243,447	273,877	198,805	67,586	5,675	1,811	273,877

### Notes:

The total cost is the sum of all activities of the Council plus the operating surplus, the total cost to be funded.

The direct benefits are the portion of the total cost accruing to direct customers of the activities.

Activity revenue is the total of fees, grants and subsidies.

General benefits are the total costs less the cost of direct benefits.

Total rates is the sum of all direct benefit shortfalls plus general benefit costs.

Rates are allocated to the rate types and sectors as shown.

The General rates allocation percentage is the share of Capital Value. It does not include the rural sector adjustment.

Rates are shown GST inclusive.

Waste Minimisation targeted rates are for rubbish, organic waste and recycling collection and disposal

**Revenue & Financing Policy**

2006 /07 schedule of Activities within Groups

2008/09

Benefit allocation and activity funding

Refuse Minimisation and Disposal amended to reflect the Waste Minimisation Targeted Rate

Activity	Direct Benefits	General Benefits	User Charges	Subsidies	Targeted rates	General rate (including UAGC)
Central City Revitalisation	50.00%	50.00%	9.95%	0.00%		90.05%
City and Community Forward Planning and Urt	75.00%	25.00%	0.00%	0.00%		100.00%
Heritage Protection	50.00%	50.00%	9.01%	3.64%		87.35%
Civil Defence and Rural Fire	50.00%	50.00%	11.03%	0.41%		88.56%
Community Grants	50.00%	50.00%	0.00%	0.00%		100.00%
Community Support	20.00%	80.00%	1.60%	0.91%		97.49%
Early Learning Centres	80.00%	20.00%	25.03%	52.50%		22.47%
Halls and Conveniences	50.00%	50.00%	5.17%	0.00%		94.83%
Housing	80.00%	20.00%	85.80%	0.00%	Not funded from general rates	
Art Gallery	80.00%	20.00%	12.11%	2.70%		85.20%
Libraries	80.00%	20.00%	7.92%	0.27%		91.81%
Museums	0.00%	100.00%	1.15%	0.11%		98.74%
Our City O-Tautahi	50.00%	50.00%	5.64%	0.00%		94.36%
Democracy and Governance Support	0.00%	100.00%	0.00%	0.00%		100.00%
Elected Member Representation	0.00%	100.00%	0.00%	0.00%		100.00%
City Promotion and International Relations	60.10%	39.90%	1.45%	0.00%		98.55%
Economic Development	80.00%	20.00%	1.81%	0.36%		97.82%
Employment Development	80.00%	20.00%	0.00%	0.00%		100.00%
Visitor Promotions	80.00%	20.00%	1.47%	0.00%		98.53%
Cemeteries	80.00%	20.00%	52.19%	0.94%		46.87%
Regional Parks	40.00%	60.00%	9.03%	0.03%		90.94%
Regional Parks	40.00%	60.00%	13.30%	0.00%		86.70%
The Botanic Gardens	40.00%	60.00%	3.35%	0.00%		96.65%
Urban Parks	40.00%	60.00%	4.00%	0.00%		96.00%
Waterways & Land Drainage	50.00%	50.00%	0.27%	0.00%	55.30%	44.43%
Pools and Leisure Centres, Stadia and Sportin	60.00%	40.00%	45.22%	0.00%		54.78%
Recreation and Leisure	80.00%	20.00%	3.00%	4.35%		92.65%
Recreation Programmes	80.00%	20.00%	9.96%	5.90%		84.14%
Sports Support & Promotion	80.00%	20.00%	0.13%	0.00%		99.87%
<b>Black Bag Collection and Disposal</b>	90.00%	10.00%	16.42%	0.00%		83.58%
<b>Refuse Transfer and Disposal</b>	50.00%	50.00%	55.68%	0.00%		44.32%
<b>Waste Minimisation</b>	50.00%	50.00%	1.08%	0.00%	79.02%	19.90%
Enforcement and Inspection Activities	98.17%	1.83%	90.67%	0.00%		9.33%
Maintaining and Reviewing the City Plan	0.00%	100.00%	1.46%	0.00%		98.54%
Regulatory Approvals	100.00%	0.00%	77.28%	0.00%		22.72%
Cycle and Pedestrian Linkages - Off-Street	50.00%	50.00%	0.00%	10.13%		89.87%
Off-Street Parking	95.00%	5.00%	119.05%	0.00%		-19.05%
Pedestrian Malls - Off Street	50.00%	50.00%	0.00%	0.46%		99.54%
Public Passenger Transport	80.00%	20.00%	0.00%	11.77%		88.23%
Streets	50.00%	50.00%	12.75%	11.57%		75.68%
Wastewater Collection	80.00%	20.00%	0.08%	0.00%	99.92%	
Wastewater Treatment and Disposal	80.00%	20.00%	28.42%	0.00%	71.58%	
Water Conservation	80.00%	20.00%	0.00%	0.00%	100.00%	
Water Supply	80.00%	20.00%	14.79%	0.00%	85.21%	
City Solutions	0.00%	100.00%	101.83%	0.00%		-1.83%
Property	0.00%	100.00%	99.07%	0.00%		0.93%

## Financial Overview

	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
<b>Operating Summary</b>								
Operating expenditure	289,276	300,018	315,803	322,590	330,066	337,732	343,680	350,100
Additional waste minimisation expenditure	5,082	7,490	7,795	8,095	8,390	8,676	8,948	9,214
Depreciation	98,050	108,267	113,289	118,974	124,621	130,091	133,072	132,823
Interest expense	20,904	30,378	31,988	33,085	33,520	33,793	33,949	34,263
<b>Total operating expenditure</b>	<b>413,312</b>	<b>446,153</b>	<b>468,875</b>	<b>482,744</b>	<b>496,597</b>	<b>510,292</b>	<b>519,649</b>	<b>526,400</b>
<i>funded by :</i>								
Fees, charges and rates penalties	89,486	92,031	94,803	96,760	98,896	101,269	102,665	104,477
Reduction in waste minimisation revenue	(1,599)	(2,759)	(2,830)	(2,896)	(2,958)	(3,015)	(3,065)	(3,116)
Development contributions	16,216	23,962	24,518	24,959	25,470	25,942	26,354	26,780
Grants and subsidies	39,670	44,042	32,762	37,658	36,105	34,642	30,778	31,458
Dividends and interest received	61,242	67,402	67,639	70,001	70,642	73,243	76,240	79,866
<b>Total operating revenue</b>	<b>205,015</b>	<b>224,678</b>	<b>216,892</b>	<b>226,482</b>	<b>228,155</b>	<b>232,081</b>	<b>232,972</b>	<b>239,465</b>
Required operating surplus (before vested assets)	42,020	58,095	53,564	61,352	60,673	60,097	57,079	59,102
<b>Rates required</b>	<b>250,317</b>	<b>279,570</b>	<b>305,547</b>	<b>317,614</b>	<b>329,115</b>	<b>338,308</b>	<b>343,756</b>	<b>346,037</b>
Net annual impact of activities undertaken:								
Percentage (%) rate increase including growth and inflation	12.13%	10.36%	8.13%	2.94%	2.65%	1.86%	0.72%	-0.21%
Required operating surplus consists of :								
Revenues to fund capital expenditure	46,952	58,649	47,477	52,448	51,033	49,672	45,859	46,686
Funding for debt repayment provision	3,436	5,055	5,862	6,512	7,048	7,626	8,213	8,836
Funding for landfill aftercare expenditure	1,315	512	512	512	512	512	512	512
Removal of separately funded activities results	(2,246)	(2,212)	(2,384)	(2,399)	(2,394)	(2,387)	(2,385)	(2,072)
Operational transfers to/from special funds	(7,437)	(3,909)	2,097	4,279	4,474	4,674	4,880	5,140
<b>Operating Surplus (before vested assets)</b>	<b>42,020</b>	<b>58,095</b>	<b>53,564</b>	<b>61,352</b>	<b>60,673</b>	<b>60,097</b>	<b>57,079</b>	<b>59,102</b>
<b>Capital Funding Summary</b>								
Capital expenditure	245,383	208,523	180,360	187,596	185,501	179,386	159,427	165,156
<i>funded by :</i>								
Depreciation rated for	93,310	103,560	108,552	114,216	119,887	125,361	128,342	128,396
Sale of assets	1,404	5,871	1,491	1,531	1,568	1,603	1,634	1,666
Landfill aftercare funded from rates and reserves	1,315	512	512	512	512	512	512	512
Funding for debt repayment reserve	718	766	817	871	930	(7,827)	(27,109)	(22,652)
Funding for capital from other reserves	1,910	1,738	1,736	1,660	1,693	1,709	1,707	1,937
Revenues for capital projects	46,952	58,649	47,477	52,448	51,033	49,672	45,859	46,687
<b>Total funding available</b>	<b>145,609</b>	<b>171,096</b>	<b>160,585</b>	<b>171,238</b>	<b>175,623</b>	<b>171,030</b>	<b>150,943</b>	<b>156,546</b>
<b>Borrowing required for capital works programme</b>	<b>99,774</b>	<b>37,427</b>	<b>19,775</b>	<b>16,358</b>	<b>9,878</b>	<b>8,356</b>	<b>7,734</b>	<b>7,860</b>

Note: Plan figures for 2008/09 are restated LTCCP numbers for comparison purposes only. Actual plan figures are contained in the draft Annual Plan 2008/09.

## Refuse minimisation and disposal

Boxed figures contained in this table have been updated to reflect the financial impact of revisions to the waste minimisation strategy.

### Cost of proposed services

	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
Activity operational cost -								
Black bag / bin collection and disposal	7,445	5,354	5,580	5,695	5,821	5,926	6,017	6,101
Refuse transfer and disposal	4,510	4,103	4,338	4,157	4,260	4,382	4,508	4,482
Waste minimisation	14,876	22,674	23,480	24,105	24,736	25,316	25,840	26,351
<b>Total expenditure</b>	<b>26,831</b>	<b>32,131</b>	<b>33,398</b>	<b>33,957</b>	<b>34,817</b>	<b>35,624</b>	<b>36,365</b>	<b>36,934</b>
Activity operational revenue -								
Black bag / bin collection and disposal	1,156	-	-	-	-	-	-	-
Refuse transfer and disposal	1,962	2,088	2,141	2,191	2,238	2,281	2,319	2,358
Waste minimisation	525	540	553	566	578	590	599	609
<b>Total operational revenue</b>	<b>3,643</b>	<b>2,628</b>	<b>2,694</b>	<b>2,757</b>	<b>2,816</b>	<b>2,871</b>	<b>2,918</b>	<b>2,967</b>
<i>Fees and charges</i>	3,643	2,628	2,694	2,757	2,816	2,871	2,918	2,967
<i>Grants and subsidies</i>	-	-	-	-	-	-	-	-
<b>Total operational revenue (by source)</b>	<b>3,643</b>	<b>2,628</b>	<b>2,694</b>	<b>2,757</b>	<b>2,816</b>	<b>2,871</b>	<b>2,918</b>	<b>2,967</b>
<b>Net operational cost</b>	<b>23,188</b>	<b>29,503</b>	<b>30,704</b>	<b>31,200</b>	<b>32,001</b>	<b>32,753</b>	<b>33,447</b>	<b>33,967</b>
Vested assets	-	-	-	-	-	-	-	-
<b>Net cost of services</b>	<b>23,188</b>	<b>29,503</b>	<b>30,704</b>	<b>31,200</b>	<b>32,001</b>	<b>32,753</b>	<b>33,447</b>	<b>33,967</b>
<b>Capital expenditure</b>								
Renewals and replacements	23,000	608	615	619	609	1,015	788	660
Improved service levels	176	173	177	180	181	190	188	186
Increased demand	21	21	21	21	21	22	22	22
<b>Total capital expenditure</b>	<b>23,197</b>	<b>802</b>	<b>813</b>	<b>820</b>	<b>811</b>	<b>1,227</b>	<b>998</b>	<b>868</b>

Note: Plan figures for 2008/09 are restated LTCCP numbers for comparison purposes only. Actual plan figures are contained in the draft Annual Plan 2008/09.

### Rationale for activity funding

The implementation of the Waste Minimisation Plan will occur progressively from February 2009.

Waste minimisation costs, made up of organic waste and recycling collection and disposal, will be funded by targeted rates on the serviced area commencing from 1 July 2008.

Council have concluded that the targeted rates will fund both the direct and general benefits for two of the three bins of the service.

General rates and user charges will fund the balance of the costs on a citywide basis.

## Christchurch City Council Income Statement

	Note	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
<b>REVENUE</b>									
Operating revenue	1	206,614	227,437	219,722	229,378	231,113	235,096	236,037	242,581
Reduction in waste minimisation revenue		(1,599)	(2,759)	(2,830)	(2,896)	(2,958)	(3,015)	(3,065)	(3,116)
Rates levied		243,636	269,321	294,922	306,623	317,767	326,617	331,743	333,707
Additional rates		6,681	10,249	10,625	10,991	11,348	11,691	12,013	12,330
<b>Total operating income</b>		<b>455,332</b>	<b>504,248</b>	<b>522,439</b>	<b>544,096</b>	<b>557,270</b>	<b>570,389</b>	<b>576,728</b>	<b>585,502</b>
<b>EXPENDITURE</b>									
Operating expenditure		289,276	300,018	315,803	322,590	330,066	337,732	343,680	350,100
Additional waste minimisation expenditure		5,082	7,490	7,795	8,095	8,390	8,676	8,948	9,214
Depreciation		98,050	108,267	113,289	118,974	124,621	130,091	133,072	132,823
Interest		20,904	30,378	31,988	33,085	33,520	33,793	33,949	34,263
<b>Total operating expenditure</b>	2	<b>413,312</b>	<b>446,153</b>	<b>468,875</b>	<b>482,744</b>	<b>496,597</b>	<b>510,292</b>	<b>519,649</b>	<b>526,400</b>
<b>Operating surplus before vested assets</b>		<b>42,020</b>	<b>58,095</b>	<b>53,564</b>	<b>61,352</b>	<b>60,673</b>	<b>60,097</b>	<b>57,079</b>	<b>59,102</b>
Vested assets		21,217	28,122	22,559	28,034	21,307	21,777	22,199	22,629
<b>Operating surplus before taxation</b>		<b>63,237</b>	<b>86,217</b>	<b>76,123</b>	<b>89,386</b>	<b>81,980</b>	<b>81,874</b>	<b>79,278</b>	<b>81,731</b>
Less tax expense / (benefit)		-	-	-	-	-	-	-	-
<b>Surplus after taxation</b>		<b>63,237</b>	<b>86,217</b>	<b>76,123</b>	<b>89,386</b>	<b>81,980</b>	<b>81,874</b>	<b>79,278</b>	<b>81,731</b>
<b>Net surplus for year</b>		<b>63,237</b>	<b>86,217</b>	<b>76,123</b>	<b>89,386</b>	<b>81,980</b>	<b>81,874</b>	<b>79,278</b>	<b>81,731</b>

Note: Plan figures for 2008/09 are restated LTCCP numbers for comparison purposes only. Actual plan figures are contained in the draft Annual Plan 2008/09.

**Christchurch City Council**  
**Cash Flow Statement**

	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
<b>OPERATING ACTIVITIES</b>								
Cash was provided from:								
Rates, grants, subsidies, and other sources	384,613	425,442	444,689	464,666	477,334	487,906	491,489	496,881
Waste minimisation/additional rates	5,082	7,490	7,795	8,095	8,390	8,676	8,948	9,214
Interest received	26,187	30,397	30,221	30,590	30,726	31,319	32,791	35,013
Dividends	35,041	37,041	37,541	39,541	40,041	42,041	43,541	44,928
Net GST								
	450,923	500,370	520,246	542,892	556,491	569,942	576,769	586,036
Cash was disbursed to:								
Payments to suppliers and employees	284,232	294,801	312,853	321,051	329,155	337,334	344,040	351,184
Waste minimisation	5,082	7,490	7,795	8,095	8,390	8,676	8,948	9,214
Interest paid	20,904	30,430	32,111	33,216	33,649	33,917	34,053	34,352
	310,218	332,721	352,759	362,362	371,194	379,927	387,041	394,750
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>140,705</b>	<b>167,649</b>	<b>167,487</b>	<b>180,530</b>	<b>185,297</b>	<b>190,015</b>	<b>189,728</b>	<b>191,286</b>
<b>INVESTING ACTIVITIES</b>								
Cash was provided from:								
Sale of assets	1,404	5,871	1,491	1,531	1,568	1,603	1,634	1,666
Investments realised	1,941	3,901	12,712	2,220	9,603	6,080	4,704	5,166
	3,345	9,772	14,203	3,751	11,171	7,683	6,338	6,832
Cash was applied to:								
Purchase of assets	243,360	207,301	179,139	186,374	184,281	178,164	158,206	163,934
Purchase of investments	58,701	54,333	1,084	1,183	1,285	1,390	1,496	1,605
	302,061	261,634	180,223	187,557	185,566	179,554	159,702	165,539
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(298,716)</b>	<b>(251,862)</b>	<b>(166,020)</b>	<b>(183,806)</b>	<b>(174,395)</b>	<b>(171,871)</b>	<b>(153,364)</b>	<b>(158,707)</b>

	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
<b>FINANCING ACTIVITIES</b>								
Cash was provided from:								
Raising of loans	157,607	90,773	19,816	16,397	9,919	8,397	8,525	8,651
	157,607	90,773	19,816	16,397	9,919	8,397	8,525	8,651
Cash was applied to:								
Repayment of term liabilities	1,918	4,192	12,680	2,605	9,569	6,045	4,668	5,127
	1,918	4,192	12,680	2,605	9,569	6,045	4,668	5,127
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>155,689</b>	<b>86,581</b>	<b>7,136</b>	<b>13,792</b>	<b>350</b>	<b>2,352</b>	<b>3,857</b>	<b>3,524</b>
Increase/(decrease) in cash	(2,322)	2,368	8,603	10,516	11,252	20,496	40,221	36,103
Add opening cash	135,179	134,258	136,467	142,708	150,117	157,968	172,053	199,476
Reclassification of short-term investments from Cash and cash equivalents to Financial instruments	1,401	(159)	(2,362)	(3,107)	(3,401)	(6,411)	(12,798)	(11,544)
<b>ENDING CASH BALANCE</b>	<b>134,258</b>	<b>136,467</b>	<b>142,708</b>	<b>150,117</b>	<b>157,968</b>	<b>172,053</b>	<b>199,476</b>	<b>224,035</b>
<b>Represented by:</b>								
Cash and cash equivalents	134,258	136,467	142,708	150,117	157,968	172,053	199,476	224,035

Note: Plan figures for 2008/09 are restated LTCCP numbers for comparison purposes only. Actual plan figures are contained in the draft Annual Plan 2008/09.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1

## SUMMARY OF OPERATING INCOME

## Summary of group of activities income

	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
City development	1,067	1,091	1,119	1,146	1,170	1,192	1,212	1,233
Community support	14,617	15,020	15,404	15,769	16,103	16,412	16,685	16,966
Cultural and learning services	3,808	3,913	4,013	4,108	4,195	4,276	4,347	4,419
Democracy and governance	-	-	358	-	-	382	-	-
Economic development	177	182	155	157	161	163	167	169
Parks, open spaces and waterways	9,416	10,803	11,069	11,100	11,323	11,530	11,709	11,894
Recreation and leisure	10,410	11,086	11,366	11,750	11,999	12,229	12,432	12,637
Refuse minimisation and disposal	3,643	2,628	2,694	2,757	2,816	2,871	2,918	2,967
Regulatory services	20,002	20,553	21,080	21,576	22,033	22,457	22,831	23,213
Streets and transport	54,530	60,312	49,431	54,865	53,668	52,535	48,966	49,943
Wastewater collection and treatment	9,294	13,316	13,639	13,817	14,111	14,385	14,627	14,877
Water supply	5,843	7,019	7,192	7,344	7,501	7,644	7,771	7,900
<b>Activity results represented in income statement</b>	<b>132,807</b>	<b>145,923</b>	<b>137,520</b>	<b>144,389</b>	<b>145,080</b>	<b>146,076</b>	<b>143,665</b>	<b>146,218</b>
<b>Other income:</b>								
Interest income:								
Subsidiaries	11,850	16,203	15,761	15,599	15,130	14,766	14,342	14,067
Loan repayment investments	14	18	1	3	6	9	12	15
Short term investments	9,724	9,567	9,813	10,387	11,051	12,074	14,057	16,592
Special and other fund investments	4,613	4,573	4,523	4,471	4,414	4,353	4,288	4,264
<b>Total interest income</b>	<b>26,201</b>	<b>30,361</b>	<b>30,098</b>	<b>30,460</b>	<b>30,601</b>	<b>31,202</b>	<b>32,699</b>	<b>34,938</b>
Dividend income:								
Christchurch City Holdings Ltd								
Ordinary	32,500	34,500	35,000	37,000	37,500	39,500	41,000	42,387
Special	-	-	-	-	-	-	-	-
Transwaste Ltd	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541
<b>Total dividend income</b>	<b>35,041</b>	<b>37,041</b>	<b>37,541</b>	<b>39,541</b>	<b>40,041</b>	<b>42,041</b>	<b>43,541</b>	<b>44,928</b>
Sundry income:								
Petroleum tax	2,426	2,493	2,557	2,617	2,672	2,724	2,769	2,815
Rate penalties	1,429	1,468	1,506	1,541	1,574	1,604	1,631	1,658
Other corporate income	7,111	7,392	7,670	7,934	8,187	8,434	8,667	8,908
<b>Total sundry income</b>	<b>10,966</b>	<b>11,353</b>	<b>11,733</b>	<b>12,092</b>	<b>12,433</b>	<b>12,762</b>	<b>13,067</b>	<b>13,381</b>
<b>Total operating income</b>	<b>205,015</b>	<b>224,678</b>	<b>216,892</b>	<b>226,482</b>	<b>228,155</b>	<b>232,081</b>	<b>232,972</b>	<b>239,465</b>



**NOTE 2**  
**SUMMARY OF OPERATING EXPENDITURE**

**Summary of group of activities costs**

City development	13,901	14,411	13,817	13,933	13,987	14,087	14,384	14,455
Community support	34,633	35,606	36,970	37,791	38,436	38,997	39,674	39,964
Cultural and learning services	46,089	48,351	50,655	51,962	53,079	54,332	55,691	56,942
Democracy and governance	12,468	12,651	14,165	13,490	13,629	15,003	14,224	14,276
Economic development	10,915	11,622	12,294	12,665	13,060	13,423	13,774	14,116
Parks, open spaces and waterways	47,541	49,364	50,978	52,480	53,855	55,052	56,287	56,001
Recreation and leisure	29,539	31,059	32,584	33,501	34,368	35,132	35,855	36,410
Refuse minimisation and disposal	26,831	32,131	33,398	33,957	34,817	35,624	36,365	36,934
Regulatory services	26,370	27,147	28,091	28,682	29,248	29,664	30,065	30,484
Streets and transport	83,958	92,902	100,050	104,479	108,808	113,294	115,447	117,660
Wastewater collection and treatment	38,209	40,774	43,746	45,861	47,929	49,914	51,553	52,374
Water supply	21,016	22,318	23,390	24,246	24,736	24,926	25,606	26,189
<b>Activity results represented in income statement</b>	<b>391,470</b>	<b>418,336</b>	<b>440,138</b>	<b>453,047</b>	<b>465,952</b>	<b>479,448</b>	<b>488,925</b>	<b>495,805</b>
<b>Other expenditure:</b>								
Interest expense not allocated	12,576	17,022	16,588	16,435	15,975	15,621	15,208	14,945
Other corporate expenditure	9,266	10,795	12,149	13,262	14,670	15,223	15,516	15,650
<b>Total other expenditure</b>	<b>21,842</b>	<b>27,817</b>	<b>28,737</b>	<b>29,697</b>	<b>30,645</b>	<b>30,844</b>	<b>30,724</b>	<b>30,595</b>
<b>Total operating expenditure</b>	<b>413,312</b>	<b>446,153</b>	<b>468,875</b>	<b>482,744</b>	<b>496,597</b>	<b>510,292</b>	<b>519,649</b>	<b>526,400</b>

**Specified expenses (included above):**

Audit fees	350	234	240	375	250	254	395	262
Employee benefits expense	111,000	113,915	116,917	119,405	121,765	123,915	125,791	127,688
Donations	18,083	19,007	19,675	20,205	20,708	21,182	21,614	22,055

Note: Plan figures for 2008/09 are restated LTCCP numbers for comparison purposes only. Actual plan figures are contained in the draft Annual Plan 2008/09.

(a)			(b)			(c)		
Waste Strategy Charging Option	No Bins		With the new Waste Management Strategy - 3 Bins			With the new Waste Management Strategy - 3 Bins		
	General Rate		Option 1 - General Rate	Opt 2 - \$11.3m Waste Rate	Opt 3 - \$19.1m Waste Rate	Option 1 - General Rate	Opt 2 - \$17.5m Waste Rate	Opt 3 - \$22.6m Waste Rate
			Draft Annual Plan					
	2008/09	2008/09	2008/09	2008/09	2008/09	2009/10	2009/10	2009/10
UAGC	\$115	\$115	\$115	\$115	\$115	\$115	\$115	\$115
Waste Targeted rate	\$0	\$0	\$82	\$138	\$138	\$0	\$126	\$162
	2007 CV	2007 CV	2007 CV	2007 CV	2007 CV	2007 CV	2007 CV	2007 CV
Residential & Other - fully serviced								
2007 Cap. Value	# ratepayers	\$	\$	\$	\$	\$	\$	\$
60,000	394	306	311	383	431	327	437	469
80,000	176	369	377	444	491	398	502	532
100,000	171	433	442	506	550	469	567	596
120,000	322	496	508	568	610	539	633	660
140,000	650	560	573	630	669	610	698	723
160,000	1,358	623	639	692	729	681	763	787
180,000	2,669	687	704	754	788	751	829	851
200,000	4,111	750	770	816	848	822	894	915
220,000	6,336	814	835	878	907	893	959	978
240,000	9,019	877	900	940	967	964	1,024	1,042
260,000	9,753	941	966	1,000	1,025	1,034	1,090	1,106
280,000	11,156	1,004	1,031	1,064	1,086	1,105	1,155	1,170
300,000	11,309	1,068	1,097	1,125	1,145	1,176	1,220	1,233
320,000	10,566	1,131	1,162	1,187	1,205	1,247	1,286	1,297
340,000	8,654	1,195	1,228	1,249	1,264	1,317	1,351	1,361
360,000	7,299	1,312	1,293	1,311	1,324	1,388	1,416	1,425
380,000	5,998	1,322	1,359	1,373	1,383	1,459	1,482	1,488
400,000	5,198	1,385	1,424	1,435	1,442	1,529	1,547	1,552
450,000	10,808	1,544	1,588	1,590	1,591	1,706	1,710	1,711
500,000	8,514	1,703	1,751	1,745	1,740	1,883	1,874	1,871
600,000	10,656	2,020	2,079	2,054	2,037	2,237	2,200	2,189
700,000	5,034	2,338	2,406	2,364	2,335	2,590	2,527	2,508
800,000	2,676	2,655	2,733	2,673	2,632	2,944	2,853	2,827
900,000	1,588	2,973	3,061	2,983	2,929	3,297	3,180	3,145
1,000,000	1,039	3,291	3,388	3,292	3,227	3,651	3,506	3,464
2,000,000	2,310	6,466	6,661	6,388	6,200	7,187	6,772	6,651
3,000,000	256	9,642	9,933	9,483	9,174	10,723	10,037	9,838
4,000,000	78	12,817	13,206	12,579	12,148	14,259	13,303	13,025
5,000,000	39	15,993	16,479	15,674	15,121	17,795	16,568	16,211
6,000,000	23	19,169	19,752	18,770	18,095	21,331	19,834	19,398
Over 6,000,000	81							
Total	138,241							
Business - Fully serviced								
60,000	2,464	385	390	462	511	413	523	555
100,000	375	564	574	638	682	612	711	740
200,000	1,070	1,014	1,033	1,080	1,112	1,109	1,181	1,202
300,000	1,377	1,463	1,492	1,521	1,541	1,606	1,651	1,665
400,000	1,301	1,912	1,950	1,962	1,970	2,103	2,122	2,127
500,000	945	2,361	2,409	2,404	2,400	2,600	2,592	2,590
600,000	712	2,811	2,868	2,845	2,829	3,097	3,062	3,052
700,000	510	3,260	3,327	3,286	3,258	3,593	3,532	3,514
800,000	420	3,709	3,786	3,728	3,688	4,090	4,002	3,977
900,000	348	4,158	4,245	4,169	4,117	4,587	4,473	4,439
1,000,000	297	4,608	4,704	4,610	4,546	5,084	4,943	4,902
2,000,000	1,508	9,100	9,292	9,024	8,839	10,054	9,645	9,526
3,000,000	481	13,593	13,881	13,437	13,133	15,023	14,347	14,151
4,000,000	240	18,085	18,469	17,851	17,426	19,992	19,049	18,775
5,000,000	129	22,578	23,058	22,264	21,719	24,961	23,752	23,400
6,000,000	104	27,071	27,647	26,678	26,012	29,931	28,454	28,024
Over 6,000,000	322							
20,000,000		89,967	91,887	88,467	86,117	99,501	94,284	92,767
Total	12,603							
Rural - Fully serviced								
100,000	See below	376	383	452	499	402	507	538
200,000		637	651	707	744	689	774	799
300,000		898	920	961	990	976	1,041	1,059
500,000		1,419	1,456	1,471	1,482	1,549	1,574	1,581
1,000,000		2,724	2,797	2,746	2,710	2,984	2,907	2,884
2,000,000		5,333	5,478	5,294	5,168	5,852	5,573	5,491
3,000,000		7,941	8,160	7,843	7,625	8,721	8,238	8,098
4,000,000		10,550	10,842	10,392	10,082	11,590	10,904	10,705
5,000,000		13,159	13,523	12,940	12,540	14,459	13,570	13,312
Rural - Not paying Water, Sewerage, or Land Drainage Rate. Includes a full Waste charge								
100,000	199	285	292	361	408	315	421	451
200,000	186	455	470	525	563	515	601	625
300,000	153	625	647	689	718	716	780	799
400,000	180	795	824	853	873	916	960	973
500,000	234	965	1,002	1,017	1,028	1,116	1,140	1,147
600,000	231	1,135	1,179	1,181	1,182	1,316	1,320	1,321
700,000	271	1,305	1,356	1,345	1,337	1,516	1,500	1,495
800,000	248	1,475	1,534	1,509	1,492	1,716	1,680	1,669
900,000	199	1,645	1,711	1,673	1,647	1,917	1,860	1,843
1,000,000	201	1,816	1,888	1,837	1,802	2,117	2,040	2,017
2,000,000	690	3,516	3,662	3,478	3,351	4,118	3,838	3,757
3,000,000	133	5,217	5,435	5,118	4,900	6,120	5,637	5,497
4,000,000	41	6,917	7,209	6,759	6,449	8,122	7,436	7,237
5,000,000	14	8,618	8,982	8,399	7,998	10,123	9,235	8,976
6,000,000	5	10,318	10,756	10,040	9,548	12,125	11,034	10,716
Over 6,000,000	17							

