



## Christchurch City Council

# STRATEGY AND RESOURCES COMMITTEE AGENDA

TUESDAY 14 APRIL 1998

AT 4.00 PM

IN THE NO 2 COMMITTEE ROOM, CIVIC OFFICES

**Committee:** Councillor David Close (Chairman), The Mayor, Ms Vicki Buck, Councillors Oscar Alpers, Carole Evans, Gordon Freeman, Pat Harrow, Ian Howell, Alister James, Garry Moore, Margaret Murray, Denis O'Rourke and Ron Wright

**Principal Adviser**  
Mike Richardson  
Telephone: 371-1553  
Fax: 371-1811

**Committee Secretary**  
Julie Sadler  
Telephone: 371-1438  
Fax: 371-1786

**Note:** A 15 minute meal break will be taken at 6.00 pm, when a light snack will be available in the Councillors' Lounge.

**PART A - MATTERS REQUIRING A COUNCIL DECISION**

**PART B - REPORTS FOR INFORMATION**

**PART C - DELEGATED DECISIONS**

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**1. APOLOGIES**

**2. DEPUTATIONS BY APPOINTMENT**

**(a) ART GALLERY PARKING**

Dr Paddy Austin, Director, Arts Centre of Christchurch Trust, will present a submission (attached) relating to the provision of car parking in the new Art Gallery.

**(b) ART GALLERY DESIGN**

Mr Bill Skews and Sir Miles Warren will present a submission on behalf of the Institute of Architects, in support of the holding of a design competition for the new Art Gallery.

**(c) MULTILATERAL AGREEMENT ON INVESTMENT**

Mr Bill Rosenberg will address the Committee on behalf of Campaign Against Foreign Control of Aotearoa and Gatt Watchdog Group and outline these organisations' views on the Multilateral Agreement on Investment.

**3. ART GALLERY PARKING**

RR 7419

<b>Officer responsible</b> Environmental Policy and Planning Manager	<b>Author</b> Stuart Woods - Senior Transport Planner Mike Calvert - Transportation Engineer - Policy
Corporate Plan Output: Transport Policy Advice	

The purpose of this report is to provide a basis for discussion and decision-making on the provision of parking associated with the impending development of the Art Gallery site (including whether to replace the existing Sheraton site parking). The Strategy and Resources Committee resolved at its March meeting that a decision on the number of car parking spaces and their location be deferred until the report of the Traffic Design Group has been considered. The Traffic Design Group report has been distributed to all Councillors. It has been an important input to this process. The covering letter from the Traffic Design Group and the report's executive summary are attached.

This report, with minor variations, was considered by Central City Committee at its March meeting, and by City Services Committee at its meeting last week (in accordance with this Committee's recommendation last month).

**STRATEGIC SITUATION AND POLICIES**

The Art Gallery site is located in the western fringe area of the Central City zone, between the cultural precinct and the central business district. This part of the city is a popular tourist and recreational/arts/cultural area, and is a popular parking area for commuters.

### 3 Cont'd

It has good access from the rest of the city via the one-way streets. However, the area does not have much parking stock compared to its level of attraction, particularly for evenings and weekends. There are several public parking facilities peripheral to the area (Oxford Terrace and the proposed Farmers and hospital buildings) and the YHA site opposite the Court Theatre. Information has been given that this last site could close, and be redeveloped for heritage and inner city housing projects. There are several significant private parking areas (such as the YMCA, Amuri and the proposed temporary parking at King Edward Barracks) which are managed for their own purposes and needs.

The Sheraton site was leased and developed for parking by the Council in August 1988, providing a response to a strong demand. It has provided a partial response to parking difficulties associated with the Arts Centre and cultural precinct in general, to assist in developing and supporting the area. This rationale could still apply in this issue, and is identified in comments in letters discussed in a later section. It should also be noted that it is difficult to develop significant areas of parking in this area for many reasons, and the Art Gallery development/Sheraton site represents probably the last opportunity to meet this challenge with a site of this size for some time.

Similarly, opportunities for further developing and providing additional buildings for the Arts Centre would be severely limited if parking had to be provided on the same site, rather than if provided in a separate larger facility supporting the area as a whole.

In April 1995, the Council adopted a Central City Parking Policy. It has a number of sections pertinent in consideration of the provision of parking with the development of the new Art Gallery site. These are outlined below with brief commentary made directly after each:

*'Parking Policy*

1. *That parking is controlled to maximise the economic benefits to the city within acceptable environmental capacity with the primary consideration being the viability of the central city not just the return on parking buildings'.*

The 265 parking spaces presently located on the new Art Gallery site appear to be generally accepted as within acceptable environmental capacity. Therefore any likely changes to the parking supply on this site would also not have a major impact on the environmental capacity.

The policy makes it quite clear that there are greater economic benefits in the provision and management of parking in the central city than simply a return on investment; that is, the facility does **not** have to be financially viable, if other issues are more pressing.

- 1(a) To increase the capacity of the off-street facilities for short-term users by the progressive removal of long term parkers (both leased and Early Bird parkers)'.*

### 3 Cont'd

This policy requires that management of off-street facilities gives higher consideration of the demands for short term parking than commuter parking. The concept of parking on the new Art Gallery site being provided as a support for the cultural precinct (visitor parking) is consistent with this policy. This policy would prevent (from a policy perspective) the Art Gallery parking being managed primarily in response to commuter demand. In Council managed buildings, short term demand is being regularly assessed and adjusted for, then the remainder of the capacity being allocated for other demands.

- '2. That major parking policy decisions be made through the Central City (Sub) Committee and the line of authority with the Community Boards be clearly established.'*

This policy gives the Central City Committee power to make recommendations on parking policy matters for the central city, but not necessarily over operational matters. Currently, the Art Gallery site development process and the separate budget allocation for replacement parking provision for the new Art Gallery site sit with the Strategy and Resources Committee. As a consequence, it would appear appropriate that the Central City Committee should make a policy recommendation regarding parking provision associated with the Art Gallery development to Strategy and Resources Committee.

- '3. That the management and provision of parking be integrated with the management and operation of public transport, cycle transport and pedestrian access to central city facilities'*

This policy is critical in terms of the overall development of a more sustainable transport system for the city.

For the new Art Gallery site, and the area generally, there are limited opportunities for closely integrating the attractions with the public transport (bus) system, although the tram and proposed central city electric shuttle could provide some public transport linkage of the area to other parts of the central city including car parking buildings. Some linking and provision for taxis and shuttles to and from all parts of the city should be considered in the overall layout of the site. Surveys show that currently next-to-no visitors travel by cycle to the Gallery. While this may be able to be increased, the provision of cycle parking in accordance with the City Plan requirements should address this demand. There are excellent opportunities to provide pedestrian access, as discussed later.

#### *'Enabling Policies*

- 1. That the Council continue to manage parking in the central city to achieve sufficient supply and appropriate pricing to manage time and enhance the viability of the central city.  
This will be achieved by:  
(ii) The Council pursuing the provision of public parking space for 250+ vehicles, in any redevelopment proposals for the Sheraton site.'*

### 3 Cont'd

The policy indicates that the 250+ spaces on the Sheraton site form part of the provision of the sufficient supply which, when managed appropriately, would enhance the viability of the central city. It also does not require that these spaces be provided in any redevelopment proposals, rather that it is a specific aim and desire of the Council.

*'Off-Street Parking Facilities Management*

2. *That the hours of operation of the off-street parking facilities are managed to provide a high level of service for the city customers (this could include hours of operation to meet the customer demand without being economically viable).'*

Whilst this policy directly addresses management issues, it reinforces the issue in the opening policy that the facilities do not have to be operated in an economically (financially) viable fashion, rather that there are other more important issues such as the provision of a high level of service for city (including Gallery and Cultural Precinct) customers.

*'Commuter parking in residential Areas*

1. *That staff bring forward proposals which will limit parking within central city residential areas to provide both some time limited parking and coupon area parking to meet needs of residents and commuter parkers.'*

This policy raises the difficult balancing process of providing for the needs of businesses and employees of the central city, and for the needs of the local residents. The parking on the new Art Gallery site would contribute to the balance, and its absence would have an adverse effect (although not directly correlated) on the demand for on-street parking in inner city residential areas. This adverse effect could be dealt with through other means, such as residents parking schemes or other parking management measures. However, this would be endeavouring to remedy an effect when avoidance would be a better option for the affected areas. Removing the 265 spaces currently provided on the new Art Gallery site could be seen to be contrary to this policy, unless remedial action were taken in conjunction with any changes.

In addition to the Council's Central City Parking Policy, the proposed City Plan has many policies related to central city access and parking, and the most relevant two policies are shown below. Other policies in the City Plan are not directly applicable to this report's content.

*'Policy 7.6.1: To set minimum parking requirements for each activity and location based on parking demand for each land use, while not necessarily accommodating peak requirements.'*

Two points to note in this policy are the Council's decision to not place maximum parking provision controls for activities, and that the provision of parking should not be based on the peak demands.

*'Policy 12.2.2: To ensure adequate and balanced provision of off-street and on-street vehicle parking for short-term visitors and business needs in the central city.'*

### 3 Cont'd

This policy reflects the above policy regarding the provision of short-term parking in preference to commuter parking. As already noted, this issue is necessary to provide a more integrated transport system, and should not be seen in isolation.

#### **EXISTING AND FUTURE NEED**

Traffic Design Group (TDG), a nationally recognised traffic engineering consultancy, was commissioned to review the current and future parking demands for the general area of the new Art Gallery site.

The study considered existing Council parking policy, the impact of conservative forecasts for growth on the number of visitors arising from the new Gallery development, other public facilities in the area that are growing and placing increasing demands on limited parking (such as the Arts Centre and the Canterbury Museum), as well as the impact on parking supply resulting from the new Farmers and Hospital parking building projects.

The Executive Summary of the report is attached, and is summarised in the following paragraphs. The full report has been circulated.

The report notes that there is typically high occupancy of both unrestricted parking and the various short stay time limited parking areas within the area during most weekdays, many weekday evenings and weekends. It also states that the loss of the Sheraton site parking resource (265 spaces) would severely diminish the success and attraction of the cultural precinct and its associated activities, as well as causing spreading of on-street parking into local residential areas, particularly to the north.

Walking distance is a critical element in the consideration of this issue. The TDG report identifies 4-5 minutes (about 400 metres) as a typical maximum distance for commuters to walk between car parks and their work place. This is consistent with the City and Regional Councils' experience that bus patrons will walk up to 400 metres to a bus stop. However, the report also notes that casual visitors will walk only 2-3 minutes (about 150-200 metres). This may be more appropriate as a maximum walking distance for non-commuters in this area (mother with pram, elderly, young family groups etc.), or for wet day walking. Information received from the Gallery project team indicates that it 'is generally recognised that wet weather days are busy for facilities such as galleries providing there is adequate and convenient undercover parking'.

Also attached is Table 2 from the Traffic Design Group report, which summarises the existing and proposed public off-street parking in that sector of the central city. None of the public off-street parking facilities (existing or proposed) meet the needs of the Art Gallery and cultural precinct if the 2-3 minute walking distance is adopted. This is shown on the attached figure entitled "Proximity to Off Street Public Parking Facilities", which shows 200 metre radii about each of the major (100+ spaces) public parking facilities in the CBD, underlying zoning and numbers employed per meshblock area. The King Edward Barracks site is shown dotted as it is a temporary facility which must be removed within five years.

**3 Cont'd**

The study has concluded that the new Art Gallery is likely to generate a parking demand for about 100 spaces, based on meeting weekly demands, and that a practical total demand of about 265 spaces should be provided (based on the existing 265 plus about 100 generated by the new Gallery, less about 100 spaces from “flow-on” effects and efficiencies from other parking facilities being developed). The report goes on to assess the provision of these spaces by either a one or two level facility (on the basis of being the most cost effective options). Given that two levels could provide about 450 spaces and one level about 210 spaces, the report concluded that two levels would be excessive and that one level at 210 spaces should be recommended to balance cost and other policies, with the need to provide for and support the surrounding area which has a proven demand partly being satisfied with the existing Sheraton parking.

The 55 space difference (between the practical total demand of 265 and the provision of about 210 spaces) would have an insignificant effect on commuter parking, with the Farmers, Noah’s and King Edward Barracks facilities being able to meet the needs of the displaced commuter parking demand. It would also have an insignificant effect on the Museum as the new Art Gallery site is at the limit of casual walking distance, and with the Museum not generating large demands (30-50 spaces in daily peak demand, in the report, or about 100-140 spaces for weekly peak demand), the effect would be on a small proportion of a small demand. The main effect would be on the Arts Centre, although it is anticipated that there would be some efficiency in parking supply with people visiting both the Gallery and the Arts Centre in the same trip. The King Edward Barracks site could also provide adequate supplementary parking at least initially, being only about 150 metres away.

**COMMENTS FROM LOCAL ACTIVITIES**

Historic development of the Robert McDougall Art Gallery, Canterbury Museum and the Arts Centre have left all of these facilities with no on-site public parking and no opportunity to provide any in the future. The management of these major facilities (Dr Paddy Austin - The Arts Centre of Christchurch Trust, Anthony Wright - Canterbury Museum and Tony Preston - Robert McDougall Art Gallery) in the cultural precinct were approached for their comments regarding the potential loss of the public parking on the new Art Gallery site and their perceptions of how this would affect them.

There is a marked similarity in the replies from each of the directors citing the current lack of parking, in particular for local residents and domestic visitors, as a major disincentive for people visiting the area. Each of them is also aware of comments from visitors to their facilities regarding difficulties in finding parking, even with the current availability of the parking on the new Art Gallery site. All agree that if the existing parking is not at least replaced the cultural precinct will suffer as people perceive access to the area to be too difficult. For this reason the replacement of the parking on the site is strongly supported and support for additional parking in the area was also expressed.



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#### **DETAILED LOCATION ASSESSMENT**

Parking for the new Art Gallery will need to be provided on the gallery site as a requirement of the Transitional and Proposed City Plans, and is definitely desirable in terms of providing a high level of service to visitors to the gallery.

Previous reports have undertaken detailed assessments of a number of alternative sites for the relocation of public off-street car parks which are currently on the site using the following pre-requisites:

- Provision of convenient parking for short term users i.e. within about 200 metres walking distance of the Art Gallery, Art Centre and Museum;
- Good access, without impacting on the efficiency and safety of the surrounding road network;
- Physically large enough to accommodate a parking building;
- Protection of the amenity of the Boulevard and residential areas;
- Preferably a permitted activity in the zone to provide surety of replacement and avoid time delays.

The sites and options assessed included the YHA site, YMCA site, other residential land, St Andrews site, King Edward Barracks, Chung Wah, Postal Centre, and the Horticultural Hall site. None of the sites were found to be acceptable or realistic, except the new Art Gallery site.

The King Edward Barracks site has been assessed as potentially being an acceptable interim alternative site for many users during construction of the Gallery. Given the temporary nature of this parking (a Resource Consent condition places a five year maximum life), it is not a viable long term option.

There may eventually be private developments which might provide an acceptable option to this issue (such as the Postal Centre), but the Council has not received any concrete proposals. As such, it would not be wise to place weight in the decision making processes on such nebulous possibilities which are full of uncertainty, potential delays and risks to the Council. If real proposals come to light, then the Council could add them to the decision making process if it was still appropriate.

An indicative assessment has been made using several recent Council parking projects and Cultural Precinct land costs to estimate the generic costs per space of providing parking in this precinct. To provide parking in a ground level parking lot would cost in the order of \$34,000- \$40,000 per space. To provide parking in a building would cost in the order of \$20,000- \$30,000. If such parking were offered for lease by the private sector to the Council, the lease costs would be pitched to generate a return on investment. In the long run, such opportunities may not be any cheaper for the Council to be involved with and would reduce the Council's direct control of the parking resource.

#### **OPTIONS WITHIN THE SITE**

It has generally been accepted that any parking associated with the development of the Sheraton site for Art Gallery purposes should not be at ground level parking.

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The option for parking on top of the Art Gallery building itself would require some three or four levels to be constructed. Buildings in the Western Fringe of the Central City Zone have an allowable Plot Ratio of 2 and a maximum height of 40 metres. Although required parking is not included in the plot ratio, all other floor space used for parking is included. The overall floor area available on the site for the Art Gallery itself could be compromised (underground parking is not included in plot ratio calculations) and this could again lead to costly delays through the need for resource consents. The location of several floors of car parking on top of one of the city's landmark cultural building seems particularly inappropriate from the amenity aspect.

This leaves an underground facility as the only option for provision of parking for the Art Gallery.

Consultant quantity surveyors have, as part of their initial assessments of the Gallery development, provided estimates of parking costs and parking numbers for underground parking facilities for a number of different options. Some options include parking under the entire site, such that the landscaped park would be placed over the parking. Space was allowed within the basement parking areas for plant rooms, lifts, stairs and bicycle parking. The proposed City Plan requirement for parking (shown in Table 1, option 1) was based upon initial project brief estimates of gross and public floor areas. The options are outlined in the table below.

Table 1 : Estimates of costs of different parking options

Option	Description	Number of Spaces <sup>1</sup>	Total estimated cost <sup>2</sup>	Cost per space
1	Minimum parking required for the gallery only	45	\$1,603,000	\$35,622
2	Art Gallery demand, part of one level	100	\$2,330,000	\$23,300
3	Cut batter excavation, one level only.	141	\$2,930,000	\$20,780
4	Maximum number of spaces on site, one level	212	\$3,999,000	\$18,863
5	Budgeted funding, one and a half levels	320	\$6,500,000	\$20,300
6	Max no. of spaces on site, two levels	449	\$9,049,000	\$20,153

<sup>1</sup> The number of spaces are an initial estimate and are considered an upper limit, the actual number may be up to 10% less.

<sup>2</sup> The estimates are in 1996 dollars, exclude GST, and include fees and contingency.

As can be seen from the above table, all the single level parking options fall within the \$6.5 million budgeted figure for parking associated with the development.

The marginal cost of the additional spaces between having one or two levels is relatively high, as a result of higher construction costs affected by both depth and water table/underground water course issues.

Other estimates from the quantity surveyors place the cost of providing 350 spaces on site at approximately \$7 million.

### 3 Cont'd

The Parking Manager comments:

*“In terms of user friendliness his preference is for a one level car park, based on experience with the two level Kilmore (Parkroyal) car park. Experience suggests that people are reluctant to use the basement level of this car park, as they tend to perceive it as uncomfortable and even threatening.”*

#### ACCESS

Access to this parking is important given the number of spaces likely to be provided, and the importance of some surrounding roads.

With the site bounded by Worcester Boulevard, Montreal Street and Gloucester Street, the site has an excellent balance of street types for access. Montreal Street (and Durham Street/Cambridge Terrace to the east) provides good vehicular access to the area. However, access and egress to the Gallery parking should not be from Montreal Street so as to minimise any effects on the traffic carrying function of this important one way street. Gloucester Street provides a good option for access and egress to the Gallery parking, being a high quality circulator road between the one way streets, which does not need to maintain the same level of traffic carrying efficiency as the one way streets. Worcester Boulevard, on the other side of the site to Gloucester Street, provides an excellent environment for the primary pedestrian access to the underground parking facility.

#### INTERIM ARRANGEMENTS

The construction of the Art Gallery will remove, at least temporarily, the current 265 parking spaces on the site for up to 18 months. The effects of this could be significant in terms of the patterns of daily parking in the area and for special events nearby. For daily parking demands, most vehicle occupants will either have to find alternative parking sites or find another way to travel in. For special events, the planning of the events will have to consider alternative options.

The recent (October 1997) Resource Consent to allow development of the King Edward Barracks as a temporary car park (for up to five years) may provide a significant mitigating option. This car park has been designed to accommodate up to 310 car parking spaces, dependent upon the uptake of other development opportunities on the site. It is understood that about two-thirds of these spaces will be long term leases and the remainder casual parking during weekdays and will likely be entirely casual at weekends and evenings.

The Parking Unit Manager has also commented that the Parking Unit will be mounting special promotions of the Noahs and Farmers (to be open in the first quarter of 1999) parking buildings with the removal (albeit temporary) of the existing parking spaces, at the appropriate time.

## 3 Cont'd

**ECONOMIC ISSUES**

The table below provides an indication of the financial performance of a parking facility under the Gallery based around approximately 200 and 450 spaces. This assessment has been compiled in discussion with the Parking Manager and is based on a number of assumptions, as follows:

- 1997 dollars and charges are used.
- Costs and revenues are based on information derived from the Kilmore Street parking building.
- The utilisation (actual number of spaces used by the duration of stay) has been assessed at 20% higher than Kilmore Street for the 200 space option and 50% higher for the 450 space option, as a result of location and demand advantages.
- Rental has been assessed as approximately 10% return on investment.
- 2003 figures have been adjusted by 15% for operational expenditure, allowing for both inflation and adverse exchange rates for equipment purchases and maintenance; and a \$2 per hour charge as is being projected for parking generally by then.

Table 2 : Indicative economic assessment of options 4 and 6 (from Table 1)

	200 space facility		450 space facility	
	1997/98	2003	1997/98	2003
Operational Expenditure	\$300,000	\$345,000	\$300,000	\$345,000
Rental	\$415,000	\$415,000	\$915,000	\$915,000
Total Expenditure	\$715,000	\$760,000	\$1,215,000	\$1,260,000
Income	\$516,000	\$860,000	\$645,000	\$1,075,000
Net Cost	\$199,000	-\$100,000	\$570,000	\$185,000

Similar calculations for a 320 space option indicate that in 2003 the facility would incur a loss of about \$75,000.

The above table indicates that there is not a strong financial incentive to invest in parking under the Gallery. Indeed, the 1997/98 figures indicate a significant loss making situation if operated under present conditions and charges.

Based on current utilisation of the Sheraton site, the 320 space option is unlikely to be economically viable other than on weekends, unless during the week the spare capacity over current supply is used for commuter parking. Of the 265 spaces on site now, 75 are given over to reserved parking Monday to Friday. The use of spare capacity would seem to be at odds with the Council's direction and desire to support public transport and reduce commuter car use.

However, as noted in the earlier section 'Strategic Situation and Policies', the Central City Parking Policy has in its primary statement that parking facilities have as their primary consideration the viability of the central city, not return on investment.

**3 Cont'd****DISCUSSION AND SUMMARY**

The Traffic Design Group report, Council policies and comments from management of the major activities in the area support that there is a need to provide parking associated with the new Art Gallery. The Traffic Design Group report has identified parking demands for both the new Art Gallery and the surrounding area.

Taking into account the above matters, there are three main options to consider; firstly, provision of 100 parking spaces (costing \$2.33 million), secondly, provision of about 200 parking spaces (\$4.0 million), and lastly, provision of about 320 parking spaces (\$6.5 million).

**Option One**

The first option, as a stand alone situation, would provide for the weekly parking demands of the Art Gallery as identified in the Traffic Design Group report, but would not provide for the needs of the cultural precinct. It would be the cheapest of the three options to construct, but the most expensive per space (see Table 1). This option does not satisfy Council policies to pursue 250+ spaces in the redevelopment of the site, and to limit the spread of commuter parking into residential areas. It would be in contrast to comments from the managers of the major attractions in the area and would 'severely diminish the success and attraction of the cultural precinct and its associated activities'.

**Option Two**

Although the second option will not meet the 'ideal provision' of 265 spaces identified in the Traffic Design Group report, it does provide for the day to day needs of the Gallery, with 100 spaces available for other visitors to the area. It is the most economic solution (cost per space) allowing the Council to retain some \$2.5 million of the budgeted \$6.5 million, while addressing policies relating to pursuing the provision of 250+ spaces in the redevelopment of the new Art Gallery site and limiting the spread of commuter parking into inner city residential areas. It will also continue to demonstrate the Council's commitment to supporting the cultural precinct, and address some of the comments from the managers of the major attractions in the area. The indicative economic assessment shows that a 200 space facility would, depending upon certain issues, operate with a small surplus when opened.

**Option Three**

The third option will exceed the 'ideal provision' of 265 spaces, providing for the day to day needs of the Gallery with over 200 spaces "surplus to Gallery needs" nominally replacing the existing 265 Sheraton car parks. The 55 space 'over-provision' would support the Arts Centre (both now and for limited future expansion), and would not create significant additional effects on any other parking demands in the area. This solution would use all the Council's budgeted funds and is more expensive in cost per space than the second option (as a result of the increased costs of providing spaces in a second underground parking level). The indicative economic assessment showed an annual loss would probably be incurred (existing policies state that financial considerations are not to be of primary import, and therefore this should be acceptable).

### 3 Cont'd

There are concerns about the user-friendliness of one and a half levels of basement parking, which would need addressing. This option better meets Council policies (for pursuing 250+ spaces and limiting the spread of parking into residential areas) and the comments from the managers of the major attractions in the area.

The Art Gallery director is strongly supportive of this last option, with a view of minimising the risk to the success of both the Art Gallery and the cultural precinct through the Council control of a significant parking resource in one facility.

At the Central City Committee's meeting on 5 March 1998, in considering the Art Gallery parking issue, a recommendation "That 320 car parking spaces (costing \$6.5 million) be adopted" was passed unanimously.

In considering the above three options, it is apparent that option one is not satisfactory in many ways and should not be considered further in the face of options two and three. However, in considering options two and three it becomes apparent that each has its merits, and that it is a finely balanced decision as to which would be preferred, dependent upon the relative weightings placed on various objectives and policies (such as capital and operational costs, effects of parking in residential areas, support of the cultural precinct, user friendliness of the facility and integration and support of non-car travel). It is worth reiterating the Traffic Design Group's identified parking demand for this site, at 265 spaces (see covering letter and executive summary). This figure is unfortunately about the midpoint between these two options.

#### CONCLUSION

On balance, it is appropriate to recommend that 320 spaces be adopted for 'Concept Design' purposes. This option best addresses the Traffic Design Group assessment of parking demand, City Council policies in this area and the comments of the managers of activities in the area. It is within the budget allowance. If any developer's plans for providing public parking in this area evolve over the next 8-10 months while the 'Concept Design' is being developed and approved, then the Council could reconsider the extent of parking provided with the new Art Gallery at the end of the 'Concept Design' stage.

**Recommendation:** That 320 car parking spaces (costing \$6.5 million) be adopted for 'Concept Design' purposes.

#### RECOMMENDATION OF CENTRAL CITY COMMITTEE

The above report was considered by the Central City Committee at its meeting on 5 March. The Central City Committee resolved that the report be referred to the Strategy and Resources Committee with the following recommendation:

1. That 320 car parking spaces (costing \$6.5 million) be provided on the Art Gallery site.
2. That the site be designated and known in future as the Art Gallery Car Park.

### 3 Cont'd

#### RECOMMENDATION OF CHAIRMAN OF THE CITY SERVICES COMMITTEE

The report was considered by the City Services Committee at its meeting on 7 April. As this agenda had to be distributed prior to the City Services Committee's meeting to meet statutory deadlines, the Committee's recommendation could not be included in this report. It will be tabled at the meeting.

The Chairman, Councillor O'Rourke, made the following recommendation to the City Services Committee:

1. That approximately 200 car parking spaces be provided as part of the Art Gallery for the following reasons:
  - (a) This would be the most effective use of a one level car parking area.
  - (b) Capital cost (\$3.999 million) and operational costs would be minimised.
  - (c) This would provide 100 car parking spaces for Art Gallery purposes plus a further 100 for other purposes.
  - (d) It would recognise the under-utilised capacity of the Oxford Terrace car park and the FTC car park (projected) both within approximately 400 metres of the Art Gallery site and the Arts Centre.
  - (e) It would encourage walking on the Worcester Boulevard which has been constructed with a high level of pedestrian amenity.
  - (f) It would encourage the use of the public transport services and the movement of people to a wider area of the central city without undue use of private motor cars.
2. That the free use of the tram at weekends together with higher service frequency and alternate routes for the electric shuttle bus at weekends be investigated as mobility improvements for the Art Gallery and Arts Centre precinct.

The Chairman of the Strategy and Resources Committee comments:

The report establishes that parking should be provided in association with the Art Gallery because:

- (i) The City Plan requires it.
- (ii) The parking policies of the Council support it.
- (iii) The facilities in the area, especially the Arts Centre, require it for their ongoing viability.

### 3 Cont'd

The report further establishes that if parking is to be provided the underground option at a cost of \$18,000 to \$23,000 per space is cheaper than a parking building of \$20,000 to \$30,000 per space, or a ground level parking area at \$34,000 to \$40,000 per space.

It will be noted from Table 2 (attached) in the Design Team's report that currently there are 1,816 off-street car parks available within close proximity of the study area. A total of 1,080 additional parking spaces will be available when hospital parking building, the FTC development and the King Edward Barracks car park are completed.

On the number of parking spaces to be provided there is a divergence between the Traffic Design Group which recommends a single level of underground parking providing 200-250 spaces, and the staff report which recommends 320 spaces over one and a half levels.

In support of the higher number of 320 spaces, the arguments are that:

- (i) It is in accord with the Council policy of 250+ spaces on the Sheraton site.
- (ii) It reduces impact of parking on residential areas.
- (iii) It would be of benefit to the Arts Centre, the gallery itself and the museum.
- (iv) The space if not required for parking in the future could be used for storage.

In support of the lower number of 212, the arguments are that:

- (i) The Farmers and hospital parking buildings will reduce weekday demand in the gallery area by way of a flow-on effect (TDG).
- (ii) The King Edward Barracks (temporarily) and the redevelopment of the Postal Centre (potentially) provide additional parking.
- (iii) The provision of 212 (as opposed to 320) results in a capital saving of \$2.5 million and an estimated annual operating surplus of \$100,000 as opposed to a deficit of \$75,000.
- (iv) Over-provision of car parking is inconsistent with the promotion of public transport.

On balance, I find the advice of the Traffic Design Group persuasive.

#### **Chairman's**

#### **Recommendation:**

1. That the Council provide a single level of underground car parking at the new gallery (approximately 212 spaces).
2. That contact be maintained with potential developers with a view to complementing on-site provision if required.



3 Cont'd

3. That arrangements be made for replacement parking during construction and special temporary parking for major events.
4. That the capital saving of \$2.5 million be added to the unspecified capital provision in the relevant years.

4. **LOCAL GOVERNMENT COMMISSION'S DECISION  
RE BASIS OF ELECTION FOR OCTOBER 1998**

RR 7475

<b>Officer responsible</b> City Manager	<b>Author</b> Mike Richardson
Corporate Plan Output: Corporate Advice 4.1 text 4	

The purpose of this report is to put before the Committee the Local Government Commission's determination on the basis of election and to consider its implications and suggest a response which the Council may wish to take.

The Council undertook the statutory required process for considering its membership and basis for election last year. The decision to continue with 12 wards and 24 Councillors was taken by the Council at its meeting on 27 August 1997. An objection was lodged against this decision by Mr D E Pearson and as provided in the Act, this objection was heard by the Strategy and Resources Committee, on behalf of the Council, in November 1997. The Committee disallowed Mr Pearson's objection. Mr Pearson subsequently appealed to the Local Government Commission and that appeal was heard in January this year. The full text of the Commission's determination is attached.

In this determination the Commission upholds the electoral system which the City Council had resolved for the upcoming elections. It should be noted that the Commission has not reached the same conclusion in other centres such as Auckland, where there have been some quite significant changes e.g:

- Auckland City - reduced from 24 to 19 Councillors plus Mayor
- Waitakere City - reduced from 16 to 14 Councillors plus Mayor
- North Shore City - reduced from 19 to 15 Councillors plus Mayor

Nonetheless, there are a number of pointers given by the Commission to the attitude which it would take in considering any appeal in three years' time. The rest of this report examines these pointers, some of which may reflect misunderstandings on the part of the Commission.

**REVIEW OF COMMUNITIES OF INTEREST AND WARD BOUNDARIES**

The Commission states the following:

## 4 Cont'd

*“While a Council representative did say that the present ward boundaries divide some communities of interest, there was no evidence produced either on behalf of the Council or by the appellant to show where these divisions were, nor whether a straight combination of wards on their existing boundaries would end such a division ... The Commission considers that prior to the next election, the Council should carry out a much more thorough investigation of its existing wards in order to ascertain what changes should be made. The next review will be particularly important because it will be carried out more than 10 years after the reconstitution of Christchurch City in 1989.”*

The Commission is indicating its view that we need to undertake a study to identify communities of interest and relate these to the ward structure. The significance they attach to this relates to the fact that the legislation requires that the number and boundaries of wards be determined to *“provide effective representation of communities of interest within the district”*. I believe that this point is well made by the Commission and that we should budget in the 1999/2000 year for a significant piece of work on communities of interest. This study will not be straightforward; as those elected members involved in the local government restructuring of 1988-89 will recall that there are considerable differences of opinion as to what constitutes a “community of interest”. Nonetheless, given the wording of the legislation and the views of the Commission we will need to address this.

**SIZE OF COUNCIL**

The Commission’s determination states:

*“The Commission’s responsibilities in determining appeal do not require it to consider and make decisions upon what may be the optimum number of elected members of the Council. Instead, it is limited to ensuring that the electors of the various wards receive fair representation ... ”*

Despite the limitation of the Commission’s role as clearly expressed above, it nonetheless states that it would expect the Council to review its governing structure with a view to identifying a possible reduction in the number of elected members of the Council. The decision also states *“There have been a number of legislative changes which, in theory at least, should have reduced the workloads of the elected members and allowed for a reduction in (the number of councillors)”*.

The number of Councillors is an area where the Commission can make a decision binding on the Council if there is an appeal in the future. The Local Government Act provides for a council to be of up to 30 members including a mayor (and Christchurch is the second largest Council in New Zealand in terms of population). Our experience would be that legislative change has added to the workload and complexity of Council governance. In particular, the demands of the Resource Management Act and of the Local Government Act No 3 Amendment have been enormous in terms of elected member time.

**4 Cont'd**

**COMMUNITY BOARDS**

The Commission also states that the Council should review its governing structure with a view to identifying a possible reduction in the number of elected and appointed members of Community Boards. This is a matter which is wholly outside the jurisdiction of the Local Government Commission on an appeal and I find it surprising that they make this comment. Further, there was no evidence presented at the hearing, nor any questions asked by the Commission which related to the workload of community boards.

The Local Government Act provides that Community Boards shall consist of at least four and not more than 12 members. At least four members must be **elected**. Appointed members cannot be more than half of elected members.

The Council must carry out triennial reviews of the number of elected members. However the number can only be altered "... with the consent of, or at the request of ..." the Community Board. There are no grounds for appeal to the Local Government Commission on this matter. The number of elected Community Board members is outside the Commission's jurisdiction.

**GOVERNANCE OF OTHER COUNCIL OPERATIONS**

Mr Pearson gave evidence of the total number of individuals involved as elected members of the City Council or a Community Board or Directors of one of the city's trading companies. He stated that this figure was 92. Again, the method of governance of the Council's trading activities is wholly outside of the terms of reference of the Local Government Commission. The Commission appears to have reached a view that the number of 92 should be reduced. Not only does this misunderstand the Commission's own role, but appears to take no cognisance of the separate requirements in the Local Government Act and other legislation which often limits the proportion of directors on the board of a LATE who may be Council elected members, or officers.

**CONCLUSION**

My view is that the Commission's comments on undertaking a detailed study of communities of interest are well made, although this will prove difficult to implement. Its comments on the overall size of the Council, Community Boards and "Council operations" (i.e. LATE Directors) raise some concerns as outlined above. It is important for the City Council to have an effective working relationship with the Local Government Commission. This will only be achieved if there is a high level of mutual respect based on an understanding of each other's roles and the wider picture of the nature of local government governance within which framework the Commission and the City Council will make their decisions. The recommendations reflect this view.

**4 Cont'd**

- Recommendation:**
1. That Council consider when adopting its Annual Plan in June the provision of an appropriate sum to fund the carrying out of a significant review of the extent and boundaries of communities of interest and their relationship with the ward boundaries in the city.
  2. That the Chairman of the Local Government Commission be invited to meet with members of the Strategy and Resources Committee to discuss further the thinking of the Commission in the comments it has made with regard to the size of the Council, Community Boards, and "Council operations".
  3. That this report be forwarded to the Commission to provide context for that discussion.

**Chairman's**

**Recommendation:** That the above recommendation be adopted.

**5. UNIVERSITY OF CANTERBURY STATEMENT OF OBJECTIVES**

RR 7447

<b>Officer responsible</b> Environmental Policy and Planning Manager	<b>Author</b> Janet Reeves, Senior Planner
Corporate Plan Output: Advice, City Planning and Development	

The University of Canterbury is required to produce annually a Statement of Objectives covering the forthcoming triennium. They are currently preparing the 1999 - 2001 Statement. As part of the preparation process they have circulated the 1998 - 2000 Statement for comment. The purpose of this report is to advise the Committee of pertinent contents of this document.

**1998 - 2000 REPORT CONTENTS**

The purposes and goals of the University are attached and in pursuit of these it has developed specific objectives under seven headings as follows:-

- To promote excellence in teaching, research and scholarship
- To contribute to the betterment of society and to be responsive to the needs of society
- To implement a policy of equality of opportunity
- To promote the well-being of its staff
- To promote the well-being of its students
- To maintain a suitable environment for teaching, research and scholarship
- To use its resources responsibly and to account for the funds provided by the Government

## 5 Cont'd

The University currently has an estimated total of 13,000 students and staff.

	<b>1996</b>	<b>1998</b>	<b>2000</b>
Equivalent full time students	10,803	11,660	12,227
Equivalent full time academic staff	569	583	611
Equivalent full time general staff	693	758	795
<b>TOTAL</b>	<b>12,065</b>	<b>13,001</b>	<b>13,633</b>

They are aiming towards a maximum roll on the Ilam campus of **15,000** students taking into account land, environment and resource constraints as well as a wish to provide superior teaching and research facilities to students and staff. This represents an increase of nearly **30%** over current numbers. The range of subjects being studied and the estimated number of students enrolled in each subject in 1997 is given on the attached list.

The University began a major building programme in 1993. Projects completed include new Law, Engineering and Commerce buildings and three lecture theatres. Other major projects include a Maths/Computer Science building, a Maori Student Study Centre, four storey Halls of Residence buildings, a new Music building, and an extension to the Psychology building.

#### **DISCUSSION**

The University of Canterbury is a major strength of the city, contributing greatly to its economic and social welfare. It has a number of well recognised Schools and is one of the largest employers in the city with a total direct staff of over 1,300.

The University completed its move from the central city to Ilam 20 years ago. In its present suburban location the continuing growth of the University and its effects on its surroundings needs consideration. Some of the issues currently arising are traffic and parking problems, intensification of development in neighbouring streets and the impact of large scale buildings on the character of the suburb. The projected growth in numbers studying and working at the University as well as the increase in accommodation means these issues are set to continue. At the same time there is a need to consider the provision of services and facilities to support the University such as improved public transport links, related commercial activity, nearby housing suited to student and staff needs and developing links with business and industry.

**Recommendation:** The Council express its desire to work with the University to help achieve its full potential, whilst at the same time taking into account its effects on the local environment.

The Chairman comments:

The Council is strongly supportive of the objectives of the University and the role it plays in Christchurch. In particular, the Council appreciates the valuable role of the University in research within social, economic, engineering and environmental disciplines. The Council would welcome the opportunity to share in the insights gained from relevant new research. In return, the Council is willing to offer facilities, where appropriate, for research to be tested in the field.

**5 Cont'd**

The location of the University in the north-west of the city raises two concerns. The first is that the distance from the University should not deter students from study at university if they live in a part of the city remote from the University. The second concern is that the passage across the city of 10,000 persons a day should be accomplished in such a way as to minimise congestion on the roads. To this end the Council would welcome ongoing dialogue with the University on traffic management near the University and on facilitating the use of public transport.

**Chairman's**

**Recommendation:** That the Council express its support of the University's objectives and respond along the lines indicated in the report and the Chairman's comments.

**6. COUNCILLOR OVERSEAS TRAVEL**

RR 7421

<b>Officer responsible</b> Council Secretary	<b>Author</b> Julie Battersby
Corporate Plan Output: Sister Cities	

**1. INTRODUCTION**

The purpose of this report is to outline the Council's present policy relating to Councillors' overseas travel.

**2. BACKGROUND**

At its October 1997 meeting the Council considered a report seeking approval for Councillor Harrow to travel to Songpa-Gu in Korea as part of a delegation representing the city. The Council gave approval for Councillor Harrow to represent the Council, on the basis that the cost of his international flights would be met by the Christchurch City Council, with all costs in Songpa-Gu being met by the Songpa-Gu City Council.

Following an associated discussion, it was resolved that the officers report back on the Council's existing policies regarding Councillor overseas travel, to allow the Council to review its policy in this area.

**3. EXISTING POLICIES**

The Council has previously adopted two resolutions regarding overseas travel:

**Resolution of 24 June 1991**

*"That all Councillor and staff overseas travel be advised to the Council, including how funded and the cost to the ratepayer."*

6 Cont'd

**Resolution of 26 August 1991**

*“That the Council adopt a policy requiring all elected member and staff Council subsidised overseas travel to be by way of economy class.”*

4. **STATUTORY PROVISIONS**

The Fees and Travelling Allowances Act 1951 applies to members of local authorities. This Act allows members to receive travelling allowances or expenses when the member is engaged on business **pursuant to a resolution of the Council** or is attending a meeting of the Council.

5. **COMMENT**

Unless the Council wishes to review them, there appears to be no need for any amendments to the existing policy resolutions.

In all cases, overseas travel by elected members requires the prior approval of the full Council. In many cases, overseas travel by elected members is at the direct invitation of other parties, who accept responsibility for all or part of the associated costs, including airfares and accommodation. In other cases, approval is sought for travel associated with the presentation of an international award, two recent examples of this being Councillor Ganda’s travel to India and Councillor Freeman’s travel to Spain. In all cases, Councillors who travel overseas with Council approval are entitled to payment of the normal daily meeting allowances during the time they are away.

**Chairman’s**

**Recommendation:** That the information be received.

7. **ENERGY EFFICIENCY GRANTS**

RR 7469

<b>Officer responsible</b> Inventory Manager	<b>Author</b> Dr Leonid Itskovich
Corporate Plan Output: Environmental Health Policy Vol II page 7.2.text12	

The purpose of this report is to inform the Strategy and Resources Committee on the availability of funds for improving residential energy efficiency and to seek the Committee’s decision on how these funds and the Clean Air incentives be best distributed on a consistent basis.

At its meeting on 24 September 1997, the Council adopted the following as the policy for the Clean Air Incentives Programme:

**7 Cont'd**

*“(a) The incentives be granted for changing to non-polluting forms of home heating to householders and home owners closing off or removing open fireplaces.*

*“(b) These incentives be provided in conjunction with any energy efficiency measures as provided for from any Energy Saver Fund.”*

The Council's bid for Energy Saver Fund money (the Fund is administered by EECA on behalf of the Government) submitted in February by the Energy Manager, was successful and the Council was granted \$50,000. This was an interim tender round for residual funds in the 1997/98 financial year, and the opportunity was taken to get the grant and provide a good start to the programme. The major bidding round of the Energy Safer Fund is scheduled in April/May 1998, and it is planned to apply for a greater sum of money for the 1998/99 financial year.

The Council at its November 1997 meeting adopted a recommendation that grants for energy efficiency improvements be available only to applicants also changing to clean air heating methods.

The \$50,000 grant will be sufficient to assist 100-150 Christchurch households with improvements such as ceiling insulation and underfloor insulation. The incentives will cover a certain part of the installed costs of the insulation products (approximately 50% but can vary depending on a particular product cost). In accordance with the programme implementation plan, the incentives will be paid to the suppliers/installers who will provide corresponding discounts to their customers. One condition of the grant is that the money must be spent by 30 June 1998.

**RULES ON GRANTS DISTRIBUTION**

As the funds for both the clean air incentives and energy efficiency incentives are limited, it is possible that at some stages of the Programme implementation the public demand for incentives may exceed the funds available. It is important therefore to set a policy as to how the grants will be distributed on a consistent basis, to avoid misunderstanding at some later date.

Two options considered were: a ballot system and 'first come - first served'.

The ballot system has a disadvantage of imposing an additional administrative burden on the programme administrator. The administrator would need to collect and handle householders' applications which he/she would not do at all otherwise. The administrator would also need to provide more formal and regular advertising, and check the applicants' eligibility, which would require additional funding thus reducing the funds available for the installations and causing undesirable delays between draws.

The 'first come - first served' system seems to be consistent with the programme goals and spirit. The incentives are to encourage people making the heating conversions and energy efficiency improvements sooner rather than later, to clear the city's air. The system also recognises customers' and suppliers' willingness to make an immediate sale/installation.



7 Cont'd

There will be no delays in allocation of funds, and those who are prepared to get on and do it (not just think of doing it) will get the financial incentives to do the clean air heating conversions and energy efficiency improvements. Bearing in mind our aim of getting the maximum number of installations completed as soon as possible, the latter option appears more appropriate and much simpler for the retailers (who are at the front line) to administer.

- Recommendation:**
1. That the information be received.
  2. That the incentives be distributed on the 'first come - first served' principle.

**Chairman's**

**Recommendation:** That the recommendations be adopted and that staff monitor the uptake and report in May on any adjustments needed to the scheme.

8. EXPENDITURE FOR ENERGY EFFICIENCY PROJECTS AND SAVINGS RR 7434

<b>Officer responsible</b> Inventory Manager	<b>Author</b> Dr Leonid Itskovich
Corporate Plan Output: Energy Management - Page 5.6.8	

The purpose of this report is to advise the Strategy and Resources Committee on the expenditure from the Council's Energy Efficiency Projects budget and energy costs savings that will result from the implementation of these projects.

A provision of \$300,000 was made as a line item in the 1997/98 Annual Plan for energy efficiency projects. The budget is used for financing energy efficiency *components* of the projects only.

At the October 1996 meeting of the Strategy and Resources Committee it was resolved *that a review panel of appropriate officers as determined by the City Manager be set up to approve expenditure on energy efficiency projects.* This review panel was set up and includes Director of Operations, Financial Planning Manager and Energy Manager. The panel considers and approves expenditure from the budget, subject to the following guidelines:

- cost of individual projects up to \$150,000;
- financial analysis of a project shows that its financial parameters are within acceptable limits.

The following 10 projects were approved to date for financing from the budget:

## 8 Cont'd

Project	Project description	Capital cost	Estimated energy cost savings	Pay back period years
<b>Civic Offices:</b> essential supply generator - Demand Side Management	The installation of synchronising equipment to the emergency standby diesel generator to enable its operation in parallel with Southpower's network (not just at emergency situations). This will allow the generator to operate during winter peak demand periods thus significantly reducing the building electrical demand. Energy cost savings will be achieved as a result of the reduction of the most expensive demand charges. Such an operational practice is beneficial to both the CCC and Southpower.	\$44,000	\$21,700 pa	2.0
<b>Centennial Pool:</b> Heat Pumps ("Option 3")	For this project a comprehensive Energy Efficiency and Sustainability Assessment was performed by the mechanical services designer (such assessments are the Council's policy). As a result, a very efficient engineering solution was developed. The solution is based on the use of heat pumps and will require an additional capital expenditure of \$84,000 which will be recovered from energy cost savings within a period of less than one year.	\$84,000	\$85,000 pa	1.0
<b>Water Supply Services:</b> inefficient pumps replacement	Pumps operating at a relatively low efficiency are being identified (as a result of ongoing energy audits) and replaced with new energy efficient units.	\$29,600 budget	approx. \$6,600 pa	Not longer than 5 years
<b>Linwood Nursery:</b> heating of glasshouses	Five glasshouses were heated by exposed electric heating cables which was both unsafe and uneconomical. The project consists of the installation of a hot water heating system for the five glasshouses and upgrade of the existing diesel fired boiler.	\$9,000 (additional to expenditure from Unit budget)	\$5,000 pa	4.2*
<b>Street Lighting:</b> pilot project for use of intelligent controls	This is a trial of modern European control equipment which enables dimming of street lights during certain hours or under certain conditions of their operation when full brightness may not be required. The equipment is being installed in a new street (Brook Haven Estate). The impact and energy savings will be monitored for at least 12 months.	\$4,000	\$1,000 pa	
<b>Pioneer Swimming Pool:</b> heat pumps ("Option 3")	For this project a comprehensive Energy Efficiency and Sustainability Assessment was performed by the mechanical services designer (such assessments are the Council's policy). As a result, a very efficient engineering solution was developed. The solution is based on the use of heat pumps and will require an additional capital expenditure of \$68,000 which will be recovered from energy cost savings within a period of less than one year.	\$68,000	\$81,000 pa	0.8

8 Cont'd

Project	Project description	Capital cost	Estimated energy cost savings	Pay back period years
<b>Waste Water Pumping Station No 1:</b> electricity generation and export	The installation of two standby diesel generators and synchronising equipment enabling them to operate in parallel with Southpower's network. The generators have a capacity well in excess of the pumps demand, so an excessive amount of power can be generated and exported to the grid. The generators will operate during winter peak demand periods only when electricity is 10-15 times more expensive than usually. Such an operational practice is beneficial to both the CCC and Southpower.	\$30,000 (additional to expenditure from the Unit budget and EECA loan)	\$87,800 pa	3.2*
<b>Civic Offices:</b> energy efficiency measures	The implementation of a number of measures to reduce electricity and coal consumption. These measures were identified in a recent energy audit and include modifications to the building services systems and controls.	\$20,800	\$40,400 pa	0.5
<b>Sockburn Service Centre:</b> lighting system upgrade	Upgrade of the existing lighting system: new generation fluorescent tubes in conjunction with silver reflectors will provide better illuminance and consume 50% less energy.	\$3,100	\$1,000 pa	3.1
<b>New Brighton Pier Library:</b> double glazing	The installation of double glazing will reduce energy consumption and costs as well as heating/air conditioning plant size and capital cost. Energy cost savings and better comfort justify an extra \$7,500 capital cost of the project.	\$7,500	\$1,500 pa	5.0
<b>Total</b>		<b>\$300,000</b>	<b>\$331,000 pa</b>	<b>1.7*</b>

\* The payback period is calculated taking into account total capital expenditure from all sources of finance including this budget, unit budgets and EECA loans.

**Chairman's**

**Recommendation:** That the information be received.

9. **BUSINESS SOFTWARE REPLACEMENT - PLANT AND BUILDING SERVICES**

RR 4963

<b>Officer responsible</b> Plant and Building Services Manager	<b>Author</b> Paul McNoe
Corporate Plan Output: Plant and Building Services Administration	

The purpose of this report is to seek funding approval for the purchase and implementation of business software to replace the existing and deficient computer software system for Plant and Building Services.

**9 Cont'd****BACKGROUND**

Plant and Building Services is one of the three business Units whose prime purpose is to provide services to other Council Units in a timely and cost effective manner.

Plant and Building Services must compete in the general contracting market for all the services that it provides. To add an edge to this, it does so in an open market environment. ie other Units have the right to obtain alternative pricing for these services and will go elsewhere if the price is better.

Plant and Building Services current business software uses a combination of four separate computer packages (including the corporate financial system) plus a variety of reporting tools such as Excel and Access. These computer packages were developed and purchased during 1990 - 1991 when the management systems were generally paper based systems.

In those early days the software purchased was considered the most suitable available to manage the key tasks of Job Costing and Fleet Operations. Since 1990 the business environment and customer expectations have moved towards requiring a more sophisticated approach to data collection and information management.

The original computer solutions that once worked so well, are now limiting Plant and Building Services' ability to manage the operational and planning elements in order to provide high quality and cost effective services.

**THE ISSUES**

Essentially the challenge for any software package for Plant and Building Services is to collect the basic data from the activities of the mobile plant fleet and to provide the appropriate summary information to manage both the Fleet and the Job Costing activities in an accurate, timely and cost efficient manner.

The table below provides an insight into the operational scope and scale of Plant and Building Services for 1997/98.

Staff	67 People
Mobile Plant	2,150 items with a book value of \$18.5 million
Ownership cost of fleet	\$15.3 million
Plant sales and purchases	600 units per year
Net cost of Plant replacements	\$5.17 million
Value of Job Costing business	\$6.81 million
Number of jobs per year	21,000 for a range of internal clients
Purchase Orders Processed	24,000 to 30,000 per year
Quotations	4,000 to 6,000 per year

## 9 Cont'd

The following drivers of change are present within the existing Plant and Building Services software packages.

- The current systems are not year 2000 compliant.
- No software support exists for the Job Costing package.
- Information requirements are becoming increasingly sophisticated. The main issues here being:
  - Duplication of data input
  - Data Integration.
  - Processing costs: Staff time
  - Timeliness of Accurate information

These four issues interact with each other in a dynamic way because each affects the other.

- Duplication of effort means that data reconciliation is necessary (time). This also impacts on accuracy.
- Data integration issues revolve around having four separate data bases linked through spreadsheets (MS EXCEL) to provide the overall picture. Again data matching and reconciliation is necessary.
- Spread sheeting is largely a manual process (time) which can generate inaccuracies if due care is not taken.
- Getting the above processes right takes time. We cannot begin the data integration process until the last database system has completed its monthly update and this delay reduces the value of any information provided. This information is most valuable when the activity is occurring, not six - eight weeks or longer after it has occurred as is currently the best case scenario.

The contracting industry, which Plant and Building Services is a part of, is working to closer margins than before. To manage effectively in this business, ready access to timely, accurate and relevant business information is crucial. The present arrangement does not provide this level of business information performance and in my view constitutes a significant business risk in its present state.

### **THE SOLUTION**

With a view to addressing Plant and Building Services' demanding computing system needs, a detailed specification of business needs for Plant and Building Services was developed and the pool of potential software suppliers was tested late 1996. None of the offers received during this process offered a close match to these business needs. Subsequently the development of a specialised Plant and Building Services software solution was considered. This option was discarded because of the high dual risks of cost and time frames when developing a software package from scratch.

**9 Cont'd**

In January 1998 a revised RFP (Request For Proposal) for supply of a business software solution for Plant and Building Services was released. Twelve responses were received. A short list of five packages are in the process of being evaluated and it is likely that this short list will be further reduced to two or three options for final evaluation. It looks likely that one of these two or three packages will provide an integrated and efficient Fleet Management and Job Costing system that will fully address the issues highlighted in the previous section.

Purchase and implementation costs for the short listed packages are in the order of \$300,000.

In seeking a solution for Plant and Building Services' needs, the FAMIS (Financial And Management Information System) project has not been overlooked. The relationship between the FAMIS project and the Plant and Building Services system upgrade is complementary. The FAMIS project started in mid 1997 is seeking to source and implement a Council wide integrated computer solution for all Council needs. The implementation timetable for FAMIS is intended to begin mid 1999 and will focus on Council's central computing system needs. Fleet Management is not a Council wide requirement and implementation of a Fleet Management system within the FAMIS project is not likely to occur until the year 2000 at earliest.

Evaluation of the Plant and Building Services Fleet Management and Job Costing software is proceeding with the future integration between FAMIS and Plant and Building Services systems firmly in mind. Both computing systems will use similar architecture so that data transfer will be seamless and future integration relatively simple. It is also entirely possible that the Fleet Management system chosen here will become the Fleet Management system to be integrated into the FAMIS system.

The high business risks identified previously clearly indicate that waiting on the total FAMIS systems solution is not a practicable alternative for Plant and Building Services. An implementation date of 1 July 1998 for the proposed Plant and Building Services business software solution is considered achievable.

**FUNDING**

No current provision exists in the Plant and Building Services 1997/98 budget for capital expenditure on computer software. The Heavy Plant sub-group of the Plant Renewal and Replacement capital budget will be underspent this financial year. The 1997/98 budget for this sub-group is \$1,844,900. Specifically the purchase of three road sweepers will not proceed.

The funding proposal is to release \$750,000 in capital from the Heavy Plant sub-group and transfer \$300,000 into a provision for software purchase and implementation. This is a net reduction in Plant and Building Services capital expenditure of \$450,000.

9 Cont'd

**SUMMARY**

- The present software system available to Plant and Building Services is no longer adequate in the 1998 business environment.
- The combined elements of no year 2000 compliance, no support for the crucial Job Costing software and poor general performance caused by disparate data systems constitute a significant business risk.
- The prime benefit of implementing the new software system is a major shift from a reactive to a proactive focus on plant ownership and costing elements. The consequences of this focus shift are:

(a) Plant Replacement Cost Reduction

Elements of this cost reduction include an extension of plant replacement periods and a reduction in plant replacement budget. Annual savings between 3% and 5% on total plant replacement are likely i.e., \$185,000 to \$308,000 per annum.

(b) Operational Cost Reduction

Active management of costs through trend, and performance analysis will result in earlier correction on the causes of operational costs. Annual savings between 1% and 2% are likely i.e., \$38,000 to \$75,000 per annum.

(c) Operational Cost Reductions also Imply Reductions in Plant Downtime

Reduced downtime is of real benefit to the users of mobile equipment in that a 1% to 2% cost reduction would also translate into a similar 1% to 2% reduction in plant and therefore people downtime. Depending on the assumption made, the benefit of reduced downtime would be between \$47,000 and \$187,000 annually.

- The current evaluation process of software packages indicates that cost effective software solutions are available now. Careful selection of this software solution will reduce operational costs, greatly enhance functionality and permit easy integration with the broader focused FAMIS project as it rolls out.
- Funding for this software solution is available through the release of plant replacement funding within the Heavy Plant budget this year. This release of funding will not affect the long term plant replacement programme. This funds release comes about through a change in operational and replacement strategies.

- Recommendation:**
1. That the Committee approve a capital budget reduction of \$750,000 within the Heavy Plant sub-group of the 1997/98 Plant Renewal and Replacement budget.

9 Cont'd

2. That the Committee approve a funding transfer of \$300,000 from the 1997/98 Plant Renewal and Replacement capital budget (Heavy Plant sub-group). This transfer would create a capital budget for the purchase and implementation costs of an upgraded software suite for Plant and Building Services Unit.
3. That the Committee delegate the authority to approve any purchase against this software provision to the City Manager.

**Chairman's**

**Recommendation:** That the above recommendation be adopted.

10. NZ POLICE/CITY COUNCIL RELATIONSHIPS

RR 7433

<b>Officer responsible</b> Director of Policy	<b>Author</b> Dave Hinman, Principal Policy Analyst
Corporate Plan Output: Corporate Advice	

The purpose of this report is to advise the Committee of the outcome of a survey undertaken in 1997 of the relationships which exist between the NZ Police and the Council. In preparing the report I acknowledge in particular the assistance of Inspector Frank Lynch of the NZ Police and staff and elected members who participated in the survey.

**INTRODUCTION**

The Council shares many common interests with the Police service in Christchurch and in the course of going about their business both sectors have developed a web of both formal and informal working relationships. In recent times the Council has found the importance of these relationships to the achieving of its objectives has grown and with this has grown the web of contacts. The growth, however, has been ad hoc and piecemeal and it is opportune to review developments.

It was decided to undertake a study to 'map' the relationships between the Council and the Police, as a first stage in determining whether there are gaps and whether changes could lead to improvement. At the same time, as a related but separate exercise a review of the relationships between the Council and the health sector was also undertaken, but this will be the subject of a separate report.

**THE STUDY**

Information on Council/Police relationships was obtained by use of questionnaires, sent first to key unit managers, team leaders and other staff, and subsequently to Councillors and Community Board members. Respondents were asked to indicate the names of their police contacts, the reasons for and form, nature, frequency and authorisation for the contact. A good staff response was received with some 90 replies being received, together with responses from 11 Councillors and six Community Board members. Further information was obtained from discussion with a number of the respondents.



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After the completion of the survey, with the assistance of the NZ Police, names were identified and checked in respect of rank, responsibility and location, and from here the locations and responsibilities of Council staff were compared, to test for any particular patterns in the relationships.

**FINDINGS****Some Facts and Figures (numbers and frequency of contact)**

From the survey, 66 named or otherwise identified members of the NZ Police have a working relationship with the Council (74 staff, 10 Councillors and four Community Board members). The actual number of police may well be higher as some respondents did not specify police contacts by name, such as “miscellaneous driver licence testing officers”, “local or area staff”, “various re. ...”, “many other police officers” etc., and there will also be other linkages not identified through non-response.

Respondents were asked to specify whether police contact was daily, twice-weekly, weekly, fortnightly, monthly or less frequent. Of the 260 contacts identified, the frequency approximates at 30% being of weekly or greater frequency, 30% fortnightly or monthly and another 30 % less frequently. (For the remainder the answer given was “varies”, “as required”, or “on demand”.)

**Patterns to Emerge***Areas of Council Involvement*

A surprisingly large number of Council units have a working relationship with the Police, as indicated in Table 1 attached. There is a clear correlation between Council function and police responsibility and in many cases between physical location (or responsibility) of the staff/unit and that of the member(s) of police who are the contacts. Table 2 shows the location of the police contacts.

Councillor/Community Board member contact is similarly geographically related, or to the specific interests/responsibilities of the member concerned.

Each of the service centres has a strong working relationship with its nearest Police Station, e.g. Sockburn (Hornby), Fendalton and Papanui (Papanui), Linwood and Shirley ( New Brighton), Beckenham (Sydenham), Civic - Central and Cathedral Square). Notable also is the strong community constable link with service centres and Community Boards.

There is a very clear and strong relationship in the traffic area, at all levels - City Services Committee, City Streets Unit Staff, service centres, Parking Unit staff.

Other significant areas include youth education/youth aid (Community Services Committee, LACSU, Children’s Advocate), crime/safety issues etc. (Safer Community Council, Central City Committee, EPPU, ESU, Libraries, Property, elected members, environmental issues (Environmental Committee, Licensing Authority, EPPU, ESU).

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*Main Areas of Police Involvement*

The various areas of interest of the police are set out in Table 3 attached. The highest number of contacts is at the community level (suburban and city beat), with traffic, crime and safety, youth aid and education and district and regional command also being significant.

The largest number of Council staff contacts was with two particular members of the police, being the Officer in Charge, Beat Section, Cathedral Square (Senior Sergeant Fenton Wood) - 16 contacts, and the Officer in Charge, Traffic Safety, Canterbury District (Inspector Jim Mckee) - 14 contacts. When elected member contacts were added in, Senior Sergeant Brian McGuirk (in charge New Brighton Station, moved from 8 contacts to 13. As this was not a 100% survey of all staff and elected members, the actual numbers of contacts with these and other police members is probably rather higher.

In a number of cases the contact was very frequent - daily or twice weekly, and this most often occurred in respect of police with traffic responsibilities and for community constables.

It should be noted that police contacts with the Council are both formal and informal, ranging from scheduled attendance at Council/Community Board meetings, to common membership on organisations or committees (e.g. Safer Community Council), to less formal workplace contacts to personal friendships.

Note: A significant recent recognition of the growing relationship between the Police and Council at community level has been the rearrangement of Police districts in Christchurch to coincide with Community Board ward boundaries, effective from December 1997.

**SIGNIFICANT CONCLUSIONS FROM THE FINDINGS**

As a one off survey this study has not been able to determine changes or trends in relationships but is rather a snapshot at a point in time. If considered useful it may be appropriate to repeat the survey at some future time to note any changes.

It is significant to note the close geographical as well as functional relationships which exist between the Council and the police, as reflected for example in the very high level of contact with suburban/community level police.

The formal contacts (via standing committees etc) provide a valuable form of liaison particularly in those areas where there are joint or potentially overlapping responsibilities.

The informal contacts enable the development of good working relationships in areas where there are parallel interests and the need to work co-operatively.

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The study has not specifically identified any specific areas of unnecessary duplication of function, nor any existing or potential areas of tension or other difficulties between the Council and Police. There may well be areas where it would be appropriate for both parties to consider their relative roles, within the confines of legislative, policy and resource restraints (e.g. Parking Unit/police traffic section).

**THE PHOENIX COMMUNITY POLICING APPROACH**

The City Manager comments:

Last year I spent a week at Phoenix City Council undertaking focus groups and interviews with Council staff. This included meeting with senior staff of the Phoenix Police Department and focus groups involving approximately 80 Police Department Officers from supervisory and front line levels. While the focus of the study related to relationships within the organisation and between the organisation and the community more generally I was very impressed by the insights which were given on the development of "community policing" in Phoenix.

The context is, of course, different from Christchurch because the police is a city council department. Within that framework it has been possible in Phoenix to develop close co-ordination between the Police Department and other City Council Departments in particular those responsible for community services and recreation and for neighbourhood planning and improvement. More generally the Phoenix Police Department appears to be regarded as a pioneer in American terms at developing their particular brand "community policing" model. The following is an extract from my Bertelsmann Report which deals with this issue.

*In other Departments customer service was a programme introduced by management in an attempt to shift attitudes. There may have been elements of this within the Police Department. However the change in relationship is of a much more fundamental nature. Partly because of financial pressures, partly because of rising crime, partly because of a heightened awareness on the part of citizens that their neighbourhoods were increasingly not safe any more a new relationship between police and community was forged in the late 1980s. The basis of this relationship is that the police and community must work in a partnership. Partnership is seen as a more appropriate term than customer. Safety is seen as being a shared responsibility for police and community and when appropriate other City Departments. Under the umbrella of community policing it seems that a wide number of schemes have been developed such as Block Watch and Neighbourhood Watch, all of which see police spending more time in the community, "we now talk to the good guys, not simply try to apprehend the bad guys". One outcome of this has been that both formal surveys and day-to-day exchanges show a very large majority of the community has a high level of confidence in the police.*

*Extensive use is made of volunteers working with the police at the neighbourhood level, officers will regularly attend neighbourhood association meetings. A diverse range of forums and other channels of communication have been opened up and even the Police Department's own disciplinary process uses citizen members to consider cases.*

**10 Cont'd**

Attached to this report are extracts from a report on Community Based Policing written by Dennis Garrett, the Phoenix Police Chief. He describes their concept of Community Based Policing in the following summary:

*A philosophy and process by which the Phoenix Police Department, in partnership with other city departments, citizens, the public sector, and private enterprise, assists the community in enhancing the quality of life in the city's neighbourhoods.*

Given the specific purpose of the work which I did in Phoenix was not focused on community policing my impressions can be no more than superficial. I must also say that my understanding of community policing approaches in Christchurch is also not detailed. From the little I did see, however, I believe there is a good chance that some of the ideas being used in Phoenix, particularly in terms of joint working between the Police and other Council Departments could well be worth looking at further. Given the close cooperation which has developed between Phoenix and Christchurch Councils through the Bertelsmann network the City Manager and Police Chief in Phoenix have extended an invitation to Christchurch for an in depth study of their approaches, should we wish to do so.

This would raise the possibility of a joint Christchurch Police/Christchurch City Council team undertaking a study visit to look in detail at community policing approaches in Phoenix. This would involve looking at the relationship between the Police and other Council Departments and the relationship between each and the community which they serve. I raised this matter briefly with Paul Fitzharris some months ago and his initial response was supportive to looking at the idea further. Should we do so then this would provide a basis for further developing working links between the Police and the City Council including the possibility of joint projects at the community level.

At this stage I would recommend that we discuss with the Christchurch Police the merits of a joint study visit to Phoenix and if such a visit is undertaken the team should include members of the Police and both City Council elected members and staff.

**Recommendation:** That Assistant Commissioner, Southern Region, Paul Fitzharris and Christchurch District Commander, Superintendent Warwick Nicholl be invited to discuss this report with a team of City Council elected members and staff in order to review the following possibilities:

- (a) The development of pilot joint programmes between Police and City Council at the community level.
- (b) The merits of studying the experience of Phoenix or other cities in this area.

10 Cont'd

- (c) Regular meetings between the Police and City Council to be used as a forum for clarifying and progressing any issues in which the two organisations have an interest and which are not being adequately addressed by the ad hoc network described in this report.

**Chairman's**

**Recommendation:** That the above recommendation be adopted

11. REVIEW OF COUNCIL PROCESSES AND STRUCTURES

RR 7484

<b>Officer responsible</b> City Manager	<b>Author</b> Mike Richardson
Corporate Plan Output: Corporate Advice	

The purpose of this report is to recommend that a review be undertaken which allows elected members to consider what has worked well and what has been less satisfactory in terms of the conduct of Council business during the current term. The intention would be to see what if any changes would be worth considering for the next triennium.

There are essentially three sets of issues which might be considered:

- Process Issues
- Structural Issues
- Relationship Issues

**PROCESS ISSUES**

The key processes with which elected members are involved include policy making, consultation, Annual Plan preparation, monitoring the implementation of the Annual Plan and monitoring the effectiveness of the Annual Plan.

At a more micro level the use of seminar style meetings for the development of issues and of working parties and sub-committees would be relevant.

**STRUCTURES**

The key structures used by Council to conduct its business are the Council itself and the Community Boards and the sub-structure of Standing Committees.

During the term of this Council there have at times been questions raised as to the appropriateness of the Standing Committee Structures and the terms of reference of the Standing Committees.

**11 Cont'd**

**RELATIONSHIPS**

One of the key areas here would relate to the extent of delegations. This matter has arisen from time to time during the current term. I would also note that it was an equivalent review three years ago which led to the Community Boards being extended the responsibility for overseeing the implementation of most items in Council's capital works programmes.

- Recommendation:**
- 1 That a working party be set up to review the conduct of Council business with a target of reporting to the August meeting of Council.
  - 2 That all Community Board members be given the opportunity to input to the Review and all Councillors and Community Board Chairs be invited to discuss issues with the Working Party.

The Chairman comments:

I am sure it is sensible to review our processes and structures towards the end of a Council term and to make appropriate recommendations to the incoming Council. However, it must be realised that the new Council will make its own decisions as to the structures and processes it wishes to adopt.

**Chairman's**

**Recommendation:** That the above recommendation be adopted.

**12. CANTERBURY MUSEUM CHARGING POLICY**

RR 7485

<b>Officer responsible</b> Director of Finance	<b>Author</b> Richard Simmonds
Corporate Plan Output: Corporate Expenses and Revenues	

**INTRODUCTION**

The above report, which has been separately circulated, has been prepared by the Canterbury Museum and sets out a number of options for imposing admission charges and their estimated financial impact. The report was prepared in response to a requirement imposed by the Christchurch City Council when it made an ex gratia payment to the Museum of \$474,862 in 1997.

The purpose of this report, which has been prepared at short notice, is to review the underlying assumptions behind the report for reasonableness, and comment on any issues arising. These have been discussed in general terms with the Museum's corporate services manager.

This report focuses solely on the financial aspects of the Museum's report. Of course there are wider issues to be considered, but they are beyond the scope of this report. Attention is drawn to the Museum of New Zealand (Te Papa) background paper "Admission charges - the issues", which sets these out well.

**12 Cont'd**

**OPTIONS 1 TO 4 - FINANCIAL CONSIDERATIONS**

Options 1 to 4 set out various possibilities for imposing admission charges, ranging from an enhancement of the existing donations system, through to a fully staffed entry point with separate streaming of Canterbury and non-Canterbury residents.

The Museum's figures indicate a range of financial outcomes from these options, from a negative \$31,000 to a net increase in revenue of \$232,000.

The following points can be made regarding the assumptions underlying the above figures:

- The reductions in revenue are based on an annual attendance figure of 462,913. In fact current attendances are in the order of 500,000.
- Admission charges are shown as \$10 for adults and \$4 for children. These appear unrealistically high compared with similar attractions (the Museum itself has prepared alternative lower charging scenarios in appendix 3 in the separate circulated report).
- No allowance has been made for a "dishonesty factor" with regard to the options 1 and 4, the "donations-based" options (although it is referred to in the commentary accompanying the figures).
- The expected reduction of 70% in non-Canterbury visitors initially appears high, but Museum staff are convinced that this reduction is realistic.
- Revenues from the planned Discovery Centre, special exhibitions and retail profits are all shown as reducing by various percentages, reflecting lower attendance figures. These are necessarily subjective estimates, and arguments can be raised either way as to their appropriateness.

To test the sensitivity of the above assumptions, a spreadsheet has been prepared (attached), showing the impact if the following assumptions were changed:

- Annual attendance amended to 500,000.
- Admission charges reduced to \$7.50 for adults and \$2 for children (still high).
- A "dishonesty factor" included for options 1 and 4.

## 12 Cont'd

The impact of these changes is summarised as follows:

	Net increase in revenue:			
	Option 1 Streamed entry - honesty system \$	Option 2 Streamed entry - staffed collection \$	Option 3 Single entry - staffed collection \$	Option 4 Enhanced status quo \$
Original version	226,000	122,000	-31,000	232,000
Alternative scenario	46,000	2,000	-151,000	32,000

It is stressed that this report does not purport to claim that the Museum's figures are wrong, or that the alternative scenario is significantly more accurate. Rather, the conclusion to be drawn is that the results vary dramatically with relatively small changes in the underlying assumptions.

Consequently, there is a high degree of risk associated with the imposition of user charges. In the worst case there could be a significant loss of goodwill and attendance for only a marginal increase in income, or even a decrease.

#### **OPTION 5 - NO ENTRY CHARGES, BUT CHARGE FOR VALUE-ADDED EXPERIENCES**

This is the Museum's preferred option, with their figures showing a net gain of \$576,000 - a different order of magnitude from the previous options.

The following points arise from a review of the way in which the Museum's figures have been compiled:

- The income figures are shown on a gross basis (i.e. the total income expected to be generated, rather than the incremental change from the status quo - the approach adopted for options 1 to 4). From these have been deducted the additional income streams expected from option 1. Effectively, then, the option 5 income streams are being compared with the results of another option, rather than with the status quo, which makes it difficult to evaluate this option on a consistent basis with the others.
- It is difficult to be sure that all costs associated with option 5 have been taken into account. Museum management have commented that, in general terms, these would already have been included in the budget, but concede that there has not been a rigorous reconciliation to ensure that this is the case. For example, it is likely that there would be additional costs associated with marketing the tourist packages, but it is understood that these are not included in budgeted expenses.
- It could be argued that some of the enhanced income streams under option 5 would also occur under the other options, albeit to a lesser extent. For example option 5 shows a dramatic increase in retail gross profits, from a budgeted \$150,000 to \$350,000. This is because of plans for a major re-vamp of the retail operation. Arguably, there would be improvements made in this area under the other options as well. While the effect would not be so dramatic because of the significantly reduced attendances, they would surely have some impact. This has not been taken into account in the other options, however.



12 Cont'd

- The latter point raises the question of whether the improved revenue streams are a direct result of implementing option 5, or whether some of them would have occurred anyway. Museum management state that the former is the case, but it is difficult to demonstrate this conclusively.
- Management state that the substantial (133%) improvement in retail profits is achievable because this is an area that has been neglected by management to date. Improved layout, merchandise and management will contribute to this. It is difficult to comment categorically on this, but the target would seem to be aggressive.
- Another difficulty is that the income streams for option 5 are shown for the position that will exist after a three year development programme. There will naturally be some significant development costs incurred over this period. It is understood that the development costs for this intervening period have been budgeted for, but again it is difficult to demonstrate this.

For the above reasons, the net income gain of \$576,000 claimed in the Museum report should be treated with some caution. Stated on a comparable basis with the other options, and taking the above-mentioned factors into account, it is likely that the benefits arising could be substantially lower. It is not possible to quantify this without performing significant additional work.

**CONCLUSION**

The results of options 1 to 4 are subject to major variability, and the resulting gains could be substantially lower than stated.

There is some doubt as to whether the stated results of option 5 are truly comparable to the other options. Again, the gains could be lower than stated.

Overall, though, the Museum's conclusion that option 5 is preferable in financial terms to the others would still appear to be valid.

Other non-financial considerations, not specifically addressed in this report, would also seem to support this conclusion.

**Recommendation:** That, subject to the Museum management addressing the points raised in this report, their recommendation to adopt option 5 be accepted.

**Deputy Chairman's**

**Recommendation:** That, in view of the above, and international and national experience that attendances drop significantly when admission charges are introduced, the above recommendation be adopted.

**13. THE MULTILATERAL AGREEMENT ON INVESTMENT  
POTENTIAL IMPACT ON NEW ZEALAND AND CHRISTCHURCH**

RR 7487

Chris Pickrill, Chief Executive Officer, Canterbury Development Corporation, reports:

**PREAMBLE**

Since 1984 New Zealand has had an increasingly deregulated economy characterised by widespread privatisation of government activity and removal of restrictions on foreign investment.

Agreements such as GATT, NAFTA (North Atlantic Free Trade Agreement) and APEC have as their primary focus the removal of domestic protection to allow free trade in goods and services and free access for foreign investors and investments.

Under these agreements governments have promised not to reintroduce restrictions and to further reduce remaining restrictions in the future. New Zealand is a signatory to GATT and APEC.

The OECD Multilateral Agreement on Investment (MAI) is a further step in this deregulation process. The MAI has two specific goals:

- To make it easier for foreign investors to become established and operate.
- To protect their rights/investments once established.

OECD membership comprises 'the 29 wealthiest countries in the world'. Most export capital, i.e. invest offshore.

Negotiations on the MAI began in mid 1995 with a target finalisation and sign up of May 1998. The agreement is seen as 90% complete.

If signed the MAI will apply/enforce three basic rules:

- Foreign investors cannot/must not be discriminated against.
- 'best treatment' must be given to all investors.
- All foreign investment rules must be transparent.

Given the above, why is there such vigorous opposition to the MAI both in New Zealand:

- Alliance Party
- Campaign Against Foreign Centre of Aotearoa (CAFCA)
- GATT Watchdog group

and overseas where entities such as the British Columbia provincial government in Canada have come out opposed to the agreement?

Specific New Zealand concerns that have been cited include:

- Loss of sovereignty at national and local government level.
- Potential to override the Treaty of Waitangi.

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**THE BENEFITS OF FOREIGN INVESTMENT**

A strong case can be made that 'controlled' foreign investment is good for New Zealand in that it accelerates and promotes economic growth and thus creates employment at a rate faster than we can sustain using our own resources. Our national rate of net saving is low and this acts as a brake on our ability to expand our economy without a foreign inflow of funds.

A recent KPMG study has shown that foreign companies in New Zealand pay their staff an average \$9000 per year more than the average wage and only 0.25% (25 in 10,000) of their staff were expatriates.

In similar vein, a BERL (Business and Economic Research Ltd) study has shown that if this country were to have a net investment inflow of 2% of GDP per year, unemployment could fall to 3.3% by 2005. Given the present Asian currency crisis, it is unlikely these levels of investment will be achieved without a sustained and coordinated approach to inward investment from both central and local government.

In this scenario Foreign Affairs Minister, Don McKinnon, and International Trade Minister, Lockwood Smith, have reaffirmed the need for multinational companies to look positively at locating into New Zealand and have focused on the need for job creation initiatives.

Local research carried out by the Canterbury Development Corporation (CDC) in 1997 underlines the value of foreign direct investment into the region and in this context it is part of CDC's current brief to stimulate and encourage inward investment that is consistent and compatible with our environment, quality of life and local employment creation.

To date however, New Zealand has been able to overlay restrictions and controls on the extent and nature of foreign investment to protect such important issues as local employment, the environment, local preference and indigenous rights as conferred by the Treaty of Waitangi. The concern with the MAI is that these controls will largely be forfeited under its conditions; hence the concerns about loss of sovereignty.

**MAI: LEVEL OF DEBATE AND CONSULTATION**

A major issue raised by opponents of the MAI is that New Zealand has not done enough in the agreement formulation process:

- to protect New Zealand's position
- or to debate the implications with effected parties

In the latter context, comparison can be made with Canada. A 27 December 1997 article in the Listener notes the following:

"Here (New Zealand) our commitment to the MAI – right up to the plans for its signing in May 1998 – has been at Cabinet level, with no scrutiny by Parliament. In Canada, federal select committee hearings are being held on the MAI and provincial government (and others) have made submissions on it. That hasn't happened here".

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Under current New Zealand law, international treaties such as the MAI can be signed by the New Zealand government on the authority of Cabinet. Parliament only gets to debate these agreements if they require changes to New Zealand law. MAI does not require law changes in that it seeks only to 'freeze' existing open foreign investment rules. As such, it is unlikely Parliament will debate the issue let alone local government and other interest groups. While Government, with reluctance, has agreed belatedly to consult with Maori, no such commitment has been made to other groups.

**MAI – KEY FEATURES**

Considerable work has been carried out by CAFCA and others to 'get behind' the words of the agreement and assess its potential impact on New Zealand if and when we become a signatory. In this context input has been received from a number of advisory sources in particular:

- Barry Appleton, a Canadian legal specialist on international trade and investment matters.
- Dr Jane Kelsey, Professor of Law at Auckland University

Copies of their commentaries on the implications an impact of the MAI provide valuable detail that Councillors should read.

Some comments re the MAI:

- "A vehicle by which countries by mutual consent accept a commitment to openness and stability in their respective foreign investment regimes".

*NZ Ministry of Foreign Affairs*

- "A deal that hands multinational corporation's greater protection from Government interference".

*Toronto Globe and MAI*

- "This document will diminish Canada's national sovereignty by restricting the ability of Governments to enforce environmental laws, promote job creation or protect Canada's cultural industries".

*Government of British Colombia*

**KEY FEATURES OF THE MAI – GENERAL**

- MAI is an investment, not trade agreement. It grants foreign investors the same rights as domestic companies.
- Foreign investors gain access to a country's assets without facing any restrictions that do not apply equally to local firms.

**13 Cont'd**

- Foreign investors will be able to sue governments for compensation if the government makes policy changes that the foreign investor feels will affect it unfairly.
- Unless NZ firms are in a joint venture with foreign interests, they cannot sue for these compensations.
- The MAI, once signed, locks NZ in for 5 years with another 15 years before provisions could be changed. This 20 year timeline is to ensure investment certainty.
- Any government can opt out certain activities from the MAI by nominating exceptions to the agreement. These 'reservations' will be contested and will be subject to 'stand still' – no more reservations can be added – and 'rollback' – the removal of reservations over time.
- NZ Reservations currently total 14 and include
  - Treaty of Waitangi
  - Producer Boards
  - Kiwi Share in Telecom (not future SOE sales)
  - 6% Broadcasting for Maori
- Canada has 40 reservations that are far more comprehensive. It is keeping its options open on foreign investment in law enforcement, correctional services, income security and insurance, social security, social welfare, public education and training, health and childcare provision, airline investment and foreign content in broadcasting.
- NZ has not reserved its position on environment and labour issues.
- Generally, MAI obligations are very broad and unconstrained. To say MAI won't apply to the environment for example, is not correct unless clear 'reservations' are in place.
- MAI restricts the ability of governments to impose 'performance requirements'. Fore example, a foreign investor cannot be required to:
  - purchase locally
  - use local labour to receive incentives

**MAI – POTENTIAL IMPACT ON LOCAL GOVERNMENT**

Local governments have not been an important factor in shaping the MAI but they will be directly and substantially affected by the agreement according to both Appleton and Kelsey. It appears that little thought has been given to finding ways to exempt them with some negotiators seeing potential loopholes occurring that would give local preferences for local businesses.

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In New Zealand local government, like many other interest groups, have not been formally consulted by negotiators or officials and when consulted on the matter as recently as last week, Local Government New Zealand had not developed a formal position on the MAI issue.

Jane Kelsey summarises the possible impact on local government in New Zealand under a heading;

“What would not be allowed and how this would affect Local Government?”

- National and regional interest – any reintroduction of a requirement for investment to promote regional development and local employment would not be allowed.
- Local Government could not give special subsidies or incentives to local companies unless also made available to foreign investors.
- Government would not be able to insist foreign investors employ local labour.
- Local authority privatisation initiatives could not contain local ownership covenants or citizen share issues.
- LATES would not be allowed to give preference to local businesses.
- No special conditions could be imposed on foreign investors re licenses, permits etc.

Barry Appleton adds:

- Land use regulations such as zoning changes that impose costs upon investors could be grounds for compensation.
- Investment incentives such as BDB grants must be equally available to foreign interests; even large multinationals.

In summary, both commentators agree that a broad range of local government functions have the potential to be impacted adversely by the MAI and the New Zealand government has to date made ‘no reservations’ to exempt local government from the obligations of the MAI.

This, despite Cabinet being made fully aware of the implications of MAI on local government as long ago as August 1997.

#### **A BALANCED APPROACH TO FOREIGN INVESTMENT**

Councillors could be forgiven for adopting a stance of total opposition to foreign investment given the apparently draconian implications of the MAI as described by Appleton and Kelsey. The reality however is that Council has to also recognise that a significant element of controlled, well directed, win-win foreign investment has been, and should continue to be, an integral component of our economic development

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strategy. In this context, the appended Bankers Trust New Zealand Limited 'Perception – Reality' commentary serves to balance the foreign investment debate and clearly demonstrate that foreign investment is a proven method of giving our national and regional economy the much needed horsepower required for managed economic growth.

**SUMMARY**

MAI is an important and far reaching international investment treaty that, depending on your point of view, is either 'harmless or heinous'.

What is of major concern is the seemingly 'closed door' approach to debate and consultation that New Zealand officials and negotiators have adopted.

The result has been that a very significant proportion of New Zealanders have not had the MAI explained to them, nor have they had channels open to them to input into the debate. Christchurch City Council, I believe, is currently in this category and the author of this paper, in seeking material for this commentary, quickly established that other local bodies in New Zealand have not individually or collectively formulated a clear perspective to present to Government.

In this context I believe the following recommendations are appropriate for the Council to consider.

- That the Christchurch City Council reaffirm a commitment to the encouragement of controlled and managed foreign investment in the city that is consistent with broader local government social, environmental and economic development policies.
- That the implications of the effects of the MAI on NZ and Christchurch City be further researched.
- That Local Government New Zealand be apprised of the content of this document and be encouraged to formulate a local government position on the MAI for presentation to central government.
- That Christchurch City Council seek deferral of the signing of the MAI by New Zealand until there has been sufficient time for all interested parties to make submissions which should be reviewed/addressed by a multi party select committee prior to debate in Parliament.
- That CCC develop a list of 'reservations' that are exempt from 'standstill' and 'rollback' provisional to protect its current and further position in areas of social, environmental and economic policy.

**13 Cont'd**

The following material is attached:

- Legal Opinion from Legal Services Manager.
- Briefing Paper by Bill Rosenberg, Campaign Against Foreign Control of Aotearoa.
- Commentary ex Bankers Trust re the benefits of foreign investment to New Zealand

**Chairman's**

**Recommendation:** That the above recommendation be adopted.

**14. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED**

RR 7479

<b>Officer responsible</b> Alistair James, Chairman, Christchurch City Holdings Limited	<b>Authors</b> Bob Lineham and Richard Simmonds
Corporate Plan Output: Public Accountability - Trading Activities Monitoring	

The purpose of this report is to provide information to the Council on recent activities of Christchurch City Holdings Limited ("CCHL").

**1. CCHL (PARENT COMPANY)****1.1 Dividends to the Council**

An interim dividend of \$7.9 million was approved by the CCHL Board on 3 March 1998 and has been paid to the Council.

It is anticipated that CCHL will pay a final dividend on completion of the audited year end results to make total dividends up to the budgeted provision. A further special dividend will be paid in the current financial year to the Council on receipt of a special \$15 million (in round terms) dividend from Lyttelton Port Company Limited. The background to this is outlined later in this report.

The total dividend now expected to be paid to the Council in respect of the 1997/98 financial year is some \$30 million.

**1.2 Standard & Poors Rating**

Following a recent review the Standard and Poors rating of AA/A-1+ has been re-confirmed.

**1.3 Appointment of Directors**

Following the recent appointment by the Strategy and Resources Committee on 16 February 1998 Mr Craig Boyce has now taken up the vacant seat on the Board. Mr Boyce's commercial experience is already proving valuable around the Board table.



**14 Cont'd****1.4 Value Based Reporting**

The CCHL Board has given consideration to a paper providing background to Economic Value Added (“EVA”) reporting. This approach ensures that companies assess the impact of decisions and results after taking account of whether value of capital employed and whether expenditure adds value to the company operations. CCHL has resolved to refer it to the subsidiary companies seeking their opinions on the appropriateness of implementing such a reporting regime in each of the trading subsidiaries

**1.5 Interim Financial Statements**

The interim financial statements (parent company) of CCHL for the six months ended 31 December 1997 were received by the Board and are attached for the information of the Council.

**2. TRADING ENTERPRISES****2.1 Lyttelton Port Company Limited (“LPC”)***Special Dividend*

An internally-prepared report was presented to the CCHL Board in December 1997 analysing the capital structure of LPC . The report concluded that because of LPC’s low gearing and a number of other factors it would be reasonable request the LPC Board to consider a capital repatriation to shareholders.

A letter was sent to LPC requesting the LPC Board’s views on the topic. The letter was at pains to point out that the decision lay entirely with the LPC directors.

In March 1998 LPC announced the payment of a special dividend, of which CCHL’s share was a fraction under \$15 million. This will be paid to CCHL on 8 May 1998.

*Interim Financial Statements*

LPC’s interim results for the six months to 31 December 1997 were reported to the CCHL Board on 3 March. Salient features:

- Operating revenues and tonnage through the port were both up by some 2%.
- The strong container growth continued (up 19%), whereas coal declined by 32%.
- A one-off profit of \$0.5 million was made on the settlement on a longstanding dispute with the Canterbury Regional Council.
- Negotiations with Solid Energy regarding future coal trade are continuing.
- The Asian crisis is not expected to have a dramatic effect on the company.

## 14 Cont'd

## 2.2 Southpower

*Capital Repatriation*

The main feature in connection with Southpower is, of course, the recently announced capital repatriation of \$131 million to CCHL.

In accordance with advice in the 1997 Statement of Corporate Intent Southpower has undertaken and completed a review of its financial structure entirely at arm's length from CCHL, using its own external advisers. CCHL made independent assessment of this matter in order to make a prudent provision in its budget since it was aware that a significant sum would become available within the next twelve months. The Council budget timetable (Council meeting on 26 March) necessitated identification of a provision before Southpower had completed their review hence the provision by CCHL and CCC of \$120M.

Southpower made its formal announcement on 30 March that it would repatriate \$150 million (CCHL share \$131M). The directors of Southpower have made this decision based on the independent review which they as a Board have undertaken. As directors their prime responsibility is to act in the best interests of the company which they govern.

Legal and taxation advice will be sought regarding the most effective way of returning the capital to the Council once formal advice is received from Southpower regarding the way in which the repatriation will take place.

*Interim Financial Statements*

Southpower's interim financial statements for the period to 30 September 1997 were received by the Board. These were consolidated results for both Southpower and Enerco. Salient features:

- Turnover up by \$23 million as a result of:
  - Retail price increases (Enerco and Southpower since 1 October 1996).
  - Increased energy deliveries since last year (1.1% for Southpower).
  - Enerco's expansion (revenue for the half year increased by 9.8% to \$113 million, with gas sales totalling \$91 million - up 6.2% - and appliance sales, installation and servicing up 27.2% to \$22 million).
  - Increased turnover in Southpower's appliances and LPG gas activities.
- However, NPAT was down \$5.1 million compared with the equivalent period last year. Operating expenses were up 12%, mainly as a result of:
  - Extra depreciation of \$3.5 million arising from revaluation of network assets, and higher ODV depreciation rates.
  - Increased wholesale purchase volumes and prices (Enerco and Southpower).
  - Some restructuring expenses.
  - Some maintenance costs brought forward into the first half year.

14 Cont'd

- Enerco contributed a \$13.5 million post -tax surplus (out of a total group post tax surplus - ie. before minority interests are removed - of \$18.0 million). An increase in domestic gas prices from 1 August 1997 will further benefit the second half of the year.
- The Chairman stated that the second half of year had begun well, and that the SCI forecast of \$19.6 million was expected to be achieved. In view of the half year profit of \$13.2 million this would not seem to be a difficult target, but management state that “generally more profit is made in the winter season than the summer season so the \$19.6 million is still considered reasonable”.

*Ernst & Young Electric Power Company Analysis*

The annual survey of electric power companies, based on disclosures made in the New Zealand Gazette pursuant to the government’s light-handed regulatory regime, was received by the Board.

EY produce an overall performance index - a balanced scorecard of ten key measures, covering profitability (before customer discounts), operating costs, pricing, network efficiency and reliability. Southpower entered the top ten on this list at 7<sup>th</sup> equal for the 1997 year - an excellent result. Last year they were 13<sup>th</sup>. Most of the top 10 were urban-based companies, suggesting that efficiencies are obtained from higher customer densities.

2.3 **Christchurch International Airport Limited (“CIAL”)**

*Sale of Crown Shares*

The Crown have advised that they propose to sell their 25% shareholding in the company during 1998. The CCHL Board continues to keep this matter under review and has taken independent advice from investment bankers, Cameron and Company, and consultants Scott Oldershaw and Associates. Meetings have been held with Treasury and Ngai Tahu.

The Constitution of the company gives CCHL/CCC pre-emptive rights over any shares in the company which are sold. This right comes ahead of a second right to purchase which has been offered to Ngai Tahu in terms of the Treaty settlement.

No decision has been made on this matter but is necessary for the Council to give consideration to a variety of options so that it is prepared to progress this issue at the appropriate time.

*Interim Financial Statements*

CIAL’s interim financial statements for the six months ended 31 December 1997 were received by the CCHL Board. Salient features:

**14 Cont'd**

- Revenue up 7.6%, despite 2% decrease in revenue from landing charges. The improvement largely stemmed from the increase in departure tax, effective from 1 January 1997 from \$20 to \$25. Retail spend rates through the new facilities have also increased.
- Both domestic and international passenger numbers were down, although revenue from international landing charges increased in line with an 8% increase in international aircraft movements. This arose from the increased number of Singapore Air flights over the Christmas period, and the switch from 4 747 flights per week to a daily 767 flight. Additionally, Air NZ is making greater use of 767s for Tasman flights, and increasing the frequency.
- NPAT was down 12% primarily as a result of increased depreciation and interest costs arising from the international terminal expansion. This was in line with budget, and CIAL management were confident of meeting the budgeted result for the year.

*Statement of Shareholder Expectations ("SSE")*

The Crown Company Monitoring and Advisory Unit issued a draft SSE for CCHL's comments. The intention is to jointly issue the SSE to CIAL as a means of clarifying the shareholders' expectations from CIAL and clarifying the reporting and accountability framework within which each shareholder currently operates.

CCHL have responded with numerous amendments to the original draft, and the revised version is expected to be completed and jointly issued to CIAL within the next few weeks.

Potentially this concept could also be extended to other trading enterprises, and work is in progress to produce a formalised reporting framework.

**2.4 Christchurch Transport Ltd ("CTL")**

*Interim Financial Statements*

CTL's interim financial statements for the six months ended 31 December 1997 were received by the Board, and a presentation made by CTL representatives. Salient features:

- Major increases in revenue and profitability, which have resulted from increased market share, improved fleet utilisation and cost control.
- The diesel servicing centre has been sold to Blackwell Motors.
- Despite the improved revenue and profitability, management have noted a deterioration in overall passenger growth rates and in the total of passenger kilometres on consistently held and constant routes. This is a matter for concern and is being addressed by the CTL Board.

**14 Cont'd**

- The Commerce Commission is currently conducting an enquiry into CTL's involvement with the recent CRC tender round.
- It has been advised that a special dividend of \$3.2 million will be paid to CCHL to clear out surplus cash within CTL.

**3. GUIDELINES FOR COUNCILLOR DIRECTORS**

At a Council meeting in December 1997, it was agreed that CCHL should prepare a paper defining the responsibilities of councillors who are appointed to the boards of Council-owned enterprises. This paper has now been prepared and reviewed by the Board. A full copy of the paper is attached.

The recommended guidelines include the following:

1. Directors must act honestly and in good faith in what the director believes to be the best interests of the company. Directors must ensure that all shareholders and classes of shareholder are treated fairly according to their rights as between each other.
2. Directors must carry out their duties in a lawful manner and use reasonable endeavours to ensure that the company conducts its business in accordance with the law and with a high standard of commercial morality.
3. Directors should avoid conflicts of interest so far as is possible. Where a conflict or potential conflict arises, as a minimum they must adhere scrupulously to the procedures provided by law and by the constitution of the company for dealing with conflicts and with the position of directors having an interest in a particular contract or issue. A director who has a continuing conflict of interest of a material nature should consider resignation as a director of the company.
4. Directors should be diligent, attend Board meetings and devote sufficient time to make and keep themselves familiar with the nature of the company's business and the environment in which it operates. They should be aware of all statutory and regulatory requirements affecting their company and, where applicable, the requirements of bodies such as the New Zealand Stock Exchange, and see that these are observed.
5. Directors must observe the confidentiality of non public information acquired by them as directors and not disclose it to any other person without the authority of the Board. A director who is nominated by, or who has special allegiance to a particular shareholder or group of shareholders, may only disclose confidential information to such shareholders with the authority of the Board and in strict compliance with any procedures prescribed by law or the constitution of the company.

**14 Cont'd**

6. Directors of public issuers should ensure that their company has in place an approved procedure for the buying and selling of shares or securities in the company by directors or their relatives or associates. Directors should not engage in short term trading in the company's shares or securities. Directors should notify the Board in advance of any intended transaction by them or their relatives or associates involving shares or securities in the company.
7. Directors must act in accordance with their fiduciary duties. They should comply with the spirit as well as the letter of the law and remember that in addition to purely legal requirements there is a standard of ethical and moral behaviour against which all their actions can be judged.
8. A director should not, bind himself or herself to a pre-determined stance or course of action in the public arena which may then significantly impact on decisions taken at the Board table.
9. A director may not publicly criticise a company or its subsidiaries, or dissent from a collective Board decision in a manner likely to damage confidence in the company or its subsidiaries.
10. Directors must familiarise themselves with the legal risks, both to the company and to the individual director, involved with the position, and take all reasonable steps to minimise such risks.

Additional issues considered by CCHL to be important practices to be adopted which will improve the quality of governance are:

*Appointment Process*

- A separate Appointment Panel of the Council be established to recommend potential councillor directors to the full Council.
- The appointment process, including the criteria for selection, be clearly documented and adhered to.
- CCHL Board appointments take place at least three months after the elections to enable a measured, objective selection process to take place.
- Appointments to other CCHL-owned entities should be entirely divorced from the Council election process.
- Criteria for the appointment of directors should be clearly documented to ensure that councillors meet the required standard<sup>4</sup>.
- Very prospective Councillor director should be made fully aware of the nature of the role before deciding whether or not to accept appointment.
- Concurrent with accepting appointment the director should sign an agreement to comply with the guidelines on pages 4 and 5 of the report.

14 Cont'd

*After Appointment - Instruction and Evaluation*

- All directors should undergo instruction in the responsibilities of a director when they are first appointed to the CCHL Board.
- Each CCHL director should complete an annual self evaluation form.
- It is also recommended that each CCHL director undergo an annual peer review.

*Conflicts of Interest<sup>7</sup>*

- A formal protocol should be agreed upon to deal with conflicts of interest or duty.
- Directors should be required to advise the Board before accepting directorships of other companies.

CCHL has decided to do further work on:

1. A formal protocol to address conflicts of interest or duty.
2. The appropriateness of fixing a maximum term of service for directors of Council-owned companies, and further work be done on succession planning.

After considering the report of the Company Secretary, the Directors of CCHL decided to make the following **recommendations** to the Council:

1. That guidelines 1 to 10 above be adopted by the Council.
2. That CCHL and the Council not seek to exert management influence on subsidiary companies through direct intervention through Councillor directors appointed to those boards.
3. That appointment, training and evaluation of directors and prospective directors is implemented as outlined in the attached report.
4. That the Council be requested to exercise caution before appointing a Councillor as director of a Council-owned entity, where he or she holds strong public views which will inevitably impact on the decision-making of the Board.
5. That all directors, including those who are councillors, be appointed in accordance with criteria adopted by the Council in July 1996.
6. That after approval by the Council, the policies relating to subsidiaries be referred to the various boards for consideration as good practice.

**14 Cont'd**

- Recommendation:**
1. That the recommendations in sub-clause 3 be adopted.
  2. That the information in the remaining clauses be received.

**Chairman's**

- Recommendation:**
1. That recommendations 1 and 2 in sub-clause 3 be adopted and the remainder of this clause be referred to the working party on Council structures and processes to be established at the present meeting.
  2. That the remainder of the report be received.

**15. ORDERS FOR SUPPLIES EXCEEDING 50% OF DELEGATED AUTHORITY**

RR 7452

<b>Officer responsible</b> Director of Finance	<b>Author</b> Roger Lancaster
Corporate Plan Output: Financial Advice Volume I Page 4.5.2	

The purpose of this report is to comply with Section 4 of the Public Bodies Contracts Act which requires that a schedule of orders for supplies and works approved under delegated authority and exceeding 50% of that authority be reported to the next meeting of the Council. The following schedule lists items in that category since the last report:

<b>Name of Supplier</b>	<b>Description</b>	<b>Amount</b>	<b>Delegated Authority</b>
Eastwood Construction	Alterations at 285 Hereford Street	\$97,800.00	Acting Property Manager
Fulton Hogan Canterbury Ltd	Carriageway Smoothing as per priced schedule 19.1.98	\$109,956.60	Director of Operations/ Director of Finance
Connetics Ltd	Glandovey Road Undergrounding Stage 2	\$194,370.00	Director of Operations/ Director of Finance
Telecom	Supply and installation of Meridian Option 11 PABX at WestpacTrust Centre	\$62,324.00	MIS Manager
Connetics Ltd	New Brighton Road/Wainoni Road Street Lighting Upgrade 97/98-269	\$75,247.83	City Streets Manager
Graeme Martin Contracting Ltd	Marshlands Pumping Station 97/98-279	\$250,844.30	Director of Operations/ Director of Finance



**15 Cont'd**

<b>Name of Supplier</b>	<b>Description</b>	<b>Amount</b>	<b>Delegated Authority</b>
Local Construction Ltd	Liverpool Street Kerbs and Channels 97/98-299	\$64,846.00	City Streets Manager
Fletcher Construction Ltd	Civic Offices Column Jacketing 97/98-198	\$233,055.00	Director of Operations/ Director of Finance

**Chairman's**

**Recommendation:** That the information be received.

**16. RESOLUTION TO EXCLUDE THE PUBLIC**

Attached.

TUESDAY 14 APRIL 1998

AT 4.00 PM

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**STRATEGY AND RESOURCES COMMITTEE**

**RESOLUTION TO EXCLUDE THE PUBLIC**

*Section 48, Local Government Official Information and Meetings Act 1987.*

I move that the public be excluded from the following parts of the proceedings of this meeting, namely item 17.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

	<b>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</b>	<b>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER</b>	<b>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION</b>
<b>PART A</b>	<b>17. CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED</b>	) <b>GOOD REASON TO WITHHOLD EXISTS UNDER SECTION 7</b>	<b>SECTION 48(1)(a)</b>

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

**Item 17 Commercial Activity (Section 7(2)(h))**

**Chairman's**

**Recommendation:** That the foregoing motion be adopted.

**Note**

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”