

7. SUSTAINABLE CHRISTCHURCH - RESOURCING

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Corporate Plan Output: Public Accountability	

The purpose of this report is to provide the Council with an opportunity to give some substance to its commitment in August 2000 to “lead a process to build a sustainable Christchurch” by recommending an appropriate level of funding be considered by the Annual Plan Working Party.

BACKGROUND

As an interim measure, a small amount of funding has been re-allocated to Sustainable Christchurch initiatives in the current financial year to enable some early progress to be made, as reported to Council in October 2000. Funding for the 2001/02 financial year will need to be allocated if Christchurch is to make any real progress on becoming “*an international leader in sustainability*”. The Council formally recognised this opportunity to “*become a showcase example of a good place to live with clear business, social, and community benefits*” in August 2000.

Central government is very supportive of this stating that “the overriding purpose of local government is to promote their (community’s) *social, economic and environmental wellbeing in the present and for the future.*”

ACTIVELY DESIGNING FOR SOCIAL AND ENVIRONMENTAL BENEFITS

All Council initiatives need to be proactively designed for social and environmental benefits as a matter of course and the resources outlined in this report will enable substantial improvements to be made in this area. While there is an initial emphasis on “getting our own house in order” (in Council operations) there will also be significant direct benefits to the City in undertaking these improvements, especially in the social area.

In August 2000 the Council set itself the target of producing its 2002/03 Annual Report on a “triple bottom line” basis. Triple bottom line reporting encompasses financial, social and environmental performance. In order to not only meet this target but also ensure that the Council’s 2002/03 triple bottom line annual report is able to demonstrate an exemplary performance, we need now to begin developing methods to promote, assess and evaluate social and environmental improvements. Methods for doing this are outlined in this report. It is understood that the office of the Auditor-General is starting a project looking at options for triple bottom line accounting.

While there will always be overlaps between the three “bottom lines” it has been assumed at this stage that the financial management of Council activities is good and the need is to concentrate on improving our ability to assess and evaluate the environmental and social impacts. In addition economics is a tool which can be used to assist both social and environmental analysis/assessment.

ENVIRONMENTAL IMPROVEMENTS

The Council needs to develop a process to systematically assess the environmental impact of its activities and proactively seek to increase resource efficiency. An environmental management system has been established at the Parkhouse Road Refuse Station in conjunction with the Recovered Materials Foundation and City Care, but this sort of system needs to be extended to all other Council facilities. The Council’s Energy Manager has already achieved significant savings in energy usage and, in a similar manner, a proactive “Resource Efficiency” initiative needs to be established to reduce the Council’s consumption of other resources. The use of a catalyst type fund to help achieve these reductions is discussed further below.

Expected Environmental Benefits

Expected benefits to the Council organisation from the proposed environmental management programme include:

1. *Leading By Example*

The Christchurch City Council has already committed itself to “leading a process to build a sustainable Christchurch” with an initial focus on “getting its own house in order” to “become an exemplary example of how an organisation can contribute to a sustainable Christchurch”. Our Councillors and the City Manager have made a high profile public commitment to sustainability at the June 2000 Redesigning Resources Conference and elsewhere. Of the Redesigning Resources group of case study organisations, which includes Macpac, Snowy Peak, The Warehouse, Orion, Landcare Research, the Shire of Yarra Ranges in Australia and this Council, only Landcare Research has so far produced a sustainability report.

2. *Cost saving Through Resource Use Efficiency*

The Council's operations consume significant resources, including \$7 million on energy, \$2 million on stationery and copying, and \$2 million on computers. In addition the Council spends \$100 million with contractors and \$65 million on fixed assets and infrastructure. Council operations dispose of 7,000 tonnes of waste and produce 12,000 tonnes of carbon dioxide. Following appointment of an Energy Manager in 1993 substantial improvements in energy efficiency have been made, resulting in savings of \$2 million annually. Improved and co-ordinated management of other resources is expected to generate further significant improvements in resource efficiency.

3. *Risk Management*

The Council does not yet have a systematic way of assessing the environmental risks it may be running. The potential for the Council to be an exemplary example organisation could be seriously tarnished if it were to cause a high profile pollution incident and was shown to be negligent in its management systems. This is a Council risk which the Corporate Assurance Team recognises should be given some priority.

Actions For Environmental Improvements

The delivery of the above initiatives will require action on the following three fronts:

Measure to Manage (M2M) Systems

Simply measuring resource flows often results in reduced resource use. Establishment of Measure to Manage systems at each Council facility will allow resource efficiency gains to be quantified, demonstrating the improvements made. These gains will be expressed both financially and environmentally (e.g. carbon dioxide and other greenhouse gases saved by: energy conservation, buying renewable energy, planting trees, etc; volume of waste recycled, etc). The measured gains can then be used to inspire local managers and staff, recognising that many people get their greatest reward by seeing the benefit of their efforts expressed in environmental benefits.

Raising Awareness and Involving People

Securing the commitment of key staff and managers at the Council's 70 or so facilities, from libraries to swimming pools, will be important. A "project champion" at each facility will be selected and these champions will need training and support to deliver resource efficiency gains and environmental management which has some similarities with recent improvements in health and safety awareness and practices. Staff will need time to perform their duties and will clearly need to see that their managers are committed and understand the mission.

General awareness training should be cascaded down through the management structure (gaining commitment as training is delivered) and responsibilities recognised in job descriptions, just as is done for Health and Safety.

Technology

Mobilising the inventiveness and resourcefulness of staff at all levels will maximise the potential for improvements. This has commenced with the 1 September forum for all staff and Councillors but now a management process needs to be established to deliver the raised expectations and create the climate for radical and continual improvement. Many worthwhile projects will be low or no cost and can be done simply by changing some work practices and processes within existing budgets. Some initiatives will require a little catalyst or seed funding which could be provided as outlined below. Any projects or initiatives which require significant capital investment, such as in renewable energy or alternative vehicles would be reported to Council and approved on merit through the existing annual plan process.

SOCIAL IMPROVEMENTS

The Council needs to develop a process to assess and evaluate the social impact of its activities. Currently there are models and methods available for environmental impact assessment and financial monitoring but there is no clear process to assess the true social benefits and costs of projects and services.

The outcomes sought by the Council in the social area are clearly articulated in the Council's vision, mission and social wellbeing policy. They relate to a vision for high quality social, economic and environmental outcomes in our communities both today and for future generations. What is less clear is the means of achieving these outcomes and how certain activities impact on them.

As the City Manager has identified there has been a great deal of focus over the last two decades on measuring the success of particular programmes (output measurement). He has also identified that significant improvements are likely to be possible by focusing considerably more effort now on tracking the extent to which our activities have impacted on the quality of life in our society.

Expected Social Benefits

Efficiency and Effectiveness

Social impact assessment as a matter of course at the initial planning stage of projects will identify clearly the benefits expected for people in the community as a result of the projects and ensure they are delivered with maximum efficiency. It is important that we are able to demonstrate that our resource allocation for projects and initiatives undertaken have had the desired impact.

Given that resources are finite any decision to implement one initiative means that fewer resources are available for other initiatives. It can therefore be argued that it would be unethical not to assess/evaluate the social costs and benefits of Council initiatives.

Consistency with other Council projects

This initiative will integrate with the work undertaken for the Quality of Life Indicator and the Poverty Taskforce both of which are Council-led collaborative initiatives. Both these projects have identified outcome assessment as their next priority

Action - Social Impact Assessment And Evaluation

A model framework will be developed for assessing the social impact of a programme, project or service. This will support Units to assess social cost/benefits and opportunity costs of not undertaking projects. Proactive provision of social impact assessment support to units at the design stage in their initiatives is expected to significantly improve the social benefits of such initiatives.

CATALYST/INCENTIVE FUND

In addition to developing the capacity to proactively design social and environmental benefits into Council initiatives, some projects can have such benefits improved with a small amount of additional initial funding. A catalyst/incentive fund could be established to allow seed funding of sustainable Christchurch projects which are expected to have significant social and/or environmental benefits that accrue over time. This would be similar to the fund available for energy saving initiatives, which is currently \$300,000 per year and is allocated to projects with the shortest payback period. While the concept of payback period is important and can be calculated for resource efficiency projects, it is more difficult to assess the payback for social benefits which cannot be attributed a financial value.

The simplest funding mechanism to facilitate sustainability projects, is likely to be provision of a budget line item, expenditure of which is governed by a panel of staff. This method has been used successfully by the Energy Manager for a number of years. The purpose of the fund would be to allow worthy projects to gain funding at an early stage. Any ongoing funding required would then be budgeted for in the normal manner through the Annual Plan process, with the benefit of having been able to demonstrate already some of the expected outcomes.

Two options for the level of catalyst/incentive fund are presented in the table below. It is proposed that, when such a fund is established, the panel which approves the funding be the Director of Finance (Bob Lineham), the Director of Policy (Jonathan Fletcher), the Social Policy Analyst (Mary Richardson) and the Commercial Waste Minimisation Officer (Christine Byrch). The Sustainable Christchurch Leader (Eric Park) would be the principal adviser to the panel and would collate and promote projects to be evaluated by the panel.

FUNDING

The estimated costs of the programme for the 2001/02 financial year are shown below. Two options are presented, Option A at a higher level, expected to achieve significant benefits and allow the purchase of external expertise on a consulting basis to overcome the heavy first year workload in getting started. This would reduce in future years as the full-time staff gain experience and confidence.

Action 2001/02	Option A			Option B		
	Internal Staff		External costs	Internal Staff		External costs
	Ftes	\$'000	\$'000	Ftes	\$'000	\$'000
ENVIRONMENTAL IMPROVEMENTS						
Strategy Development and Buy-in	-	n/a	20	-	-	10
Cascade Awareness Training	-	n/a	30	-	-	-
Project Champion Training	-	n/a	30	-	-	-
Measure to Manage system development and operation	0.5	20	40	0.5	20	40
Environmental Risk Management (consultancy \$1,000 per facility)	0.5	25	70	0.5	25	-
Resource Efficiency	0.5	25	50	0.5	25	50
SOCIAL IMPROVEMENTS						
Social assessor/advocate	0.5	30	-	0.5	30	-
External expertise/consultancy	-	-	40	-	-	30
CATALYST/INCENTIVE FUND	-	-	100			50
Sub-totals	2	100	380		100	180
TOTAL		480			280	

NATURAL STEP ASSESSMENT

The Council resolved, on 22 July 1999, to use the Natural Step to guide an assessment of the sustainability of activities in the city. The assessment for this initiative is as follows.

The Natural Step Assessment				
Conditions:	1. Reduce mining and fossil fuel use (extraction rate not greater than redeposit rate to earth's crust)	2. Eliminate hazardous substances (production rate not greater than treatment rate)	3. Protect biodiversity and ecosystems	4. Efficient and equitable resource use
Meets condition	✓	✓	✓	✓
How it helps meet condition	Resources active promotion of reduced resource use.	Resources active promotion of reduced generation of hazardous substances.	Resources active promotion initiatives to enhance biodiversity.	Resources active promotion of initiatives to enhance social equity.

SUMMARY

In order to achieve any real progress, resourcing of the Sustainable Christchurch initiative must begin to reflect its importance to the City. Substantial improvements to the Council's social and environmental performance can be made by proactively designing social and environmental benefits in at the formative stages of processes and projects. Two funding options are presented for the 2001/02 financial year, Option A at \$480,000 which will provide maximum benefits and Option B at \$280,000 per year minimum level but will still provide significant benefits. In order to allow staff recruitment and continuity the funding should be guaranteed for at least two years. The real benefits generated by this expenditure will be reported at least six monthly to the Council and will be used to justify or otherwise any continued or increased funding in future years. This process has some similarities with the Council's appointment in 1993 of an Energy Manager which has resulted in current energy savings of \$2 million annually. These initiatives, together with strengthening of existing community and environmental infrastructures will provide the momentum needed to make significant environmental improvements especially in Council operations and providing significant impetus to implementation of social policies already adopted by the Council.

Recommendation: That funding Option A above be recommended to the Annual Plan Working Party for its consideration as part of the Annual Plan process.

Chairman's

Recommendation: That it be recommended to the Annual Plan Working Party:

1. That a catalyst fund of \$100,000 be established.
2. That \$200,000 per annum be allocated to Environmental Risk Management and Resource Efficiency Social Impact Assessment to enable the Council to achieve its goal of triple bottom line accounting practices.