

2. DEPUTATIONS BY APPOINTMENT

(a) Ms Vonnie Alexander

Speaking rights have been granted to Ms Vonnie Alexander to address the Committee on the maintenance of private lanes. A copy of the correspondence to the Mayor from Ms Alexander is attached for this information of members.



8. 10. 2002

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3. PETITIONS

4. CORRESPONDENCE

Attached is a copy of correspondence from Environment Canterbury concerning the review of the North Christchurch Bus Services.

Mr Matthew Noon, Environment Canterbury will attend for this item and also to provide a presentation to the Committee on the consultation on the South Christchurch Bus Service Review. A colour copy of the presentation has been separately circulated to members and should be brought to the meeting.

5. ROAD SAFETY CO-ORDINATING COMMITTEE

Officer responsible City Streets Manager	Author Susan Cambridge
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The purpose of this report is to provide information on projects being undertaken by the Road Safety Co-ordinating Committee.

The section headings used in this report are issues identified for action in the Christchurch Road Safety Strategy. Project management groups plan and manage actions for the year as identified in the strategy. A plan for the year is produced by each project group based on research from the Land Transport Safety Authority crash reports and other information available.

In each section in this report reference is made to the actions in the Road Safety Strategy being addressed in the planned activity for the year.

The priority actions identified at the workshop on implementing the road safety strategy are listed at the end of each section for reference.

INTERSECTION SAFETY GROUP

Plan for the year

Billboards

Two intersection billboards are being produced, one relating to red lights and one relating to rural intersections. Four rural billboards will be developed for use in the rural billboard process. Two urban billboards will be produced for use in Timaru, Ashburton and Christchurch. The urban billboards will be displayed during November, March and May.

Radio advertising

The Love's Sweet Madness radio advertisements will be used on Radio Network and Radio Works. The red light running advertisement will be used on Radio More FM in March to correspond with the Police enforcement.

Good Intersection driving promotion

More FM will be asked to repeat the project from last year where they spotted drivers at intersections stopping at orange lights, read out their names on the radio and gave them a reward. This is to happen in March.

Street performers

A project will be set up similar to those in Wellington and Auckland where street performers dress up as red and green traffic lights and talk to pedestrians about using pedestrian lights safely. The street performers to be used at the A&P show, as well as in the city.

School survey project

Selected schools will be invited to take part in a project where students survey traffic at an appropriate intersection, looking for incorrect behaviour, and use the results as a maths project.

Enforcement

Police will undertake enforcement of red light running and obeying stop and give way controls at intersections during March 2003. Appropriate media coverage to be arranged.

Cartoon advertising

The six newspaper cartoon advertisements used last year will be placed in The Star during March 2003.

5 Cont'd

Media

The driving editor of The Press to be encouraged to print more about dangerous intersections. Media opportunities to be taken in local papers if schools undertake surveys.

Planning

Regular meetings of the Transport Planning Team to work on the actions relating to planning.

These actions relate to actions 1, 2, 3, 4, 11, 12, 13, 14 in the Road Safety Strategy.

Priorities Identified at the Road Safety Workshop:

- Action 4 – Install right turn traffic signal arrows at appropriate locations where right turning vehicle crashes are of concern
- Action 6 – Identify defects by establishing a system of crash studies and by utilising safety audits of the existing roading network
- Action 8 – Prioritise remedial/improvement roading work
- Action 11 – Set up an inter-unit land use and traffic planning group
- Action 12 – Audit the City Plan to identify areas of potential conflict with road safety
- Action 14 – Implement a requirement that all planning decisions state the road safety implications as an integral part of the decision

RESTRAINTS

Child seat checking clinics will be set up as part of Kidsafe Week. These checks will be in shopping centre car parks. Displays will be set up inside shopping malls during Kidsafe Week. A display in the City Council window will promote the use of child seats as well as other Kidsafe week themes.

Research

A survey of drivers carried out a few years ago by Wayne Osmer from Land Transport Safety Authority found that the main reasons for not wearing seat belts were:

- Too lazy,
- Too uncomfortable,
- Low risk of being caught,
- Low chance of being in an accident,
- Takes too long to put on,
- More likely to get hurt in a crash,
- Better to hold the steering wheel instead.

Both wearers and non-wearers thought that the most effective way of increasing wearing rates would be in-car measures. Both groups thought that teaching children to remind their parents to put their seatbelts on would be the single most effective measure.

Further actions for the year are being planned.

New Actions from the Road Safety Workshop:

- Research why people don't use their restraints,
- Lobby manufacturers for 'easier to use' types of seat belt. (Many rear belts are difficult to use.)

Priorities identified at the Road Safety Workshop:

Huge issue for Christchurch. All actions need immediate attention. Do immediately research into why people aren't complying, and lobby manufacturers. NB also a national issue.

Chairman's

Recommendation: That the information be received.

6. LICHFIELD STREET: PARKING RESTRICTIONS

Officer responsible City Street Manager	Author Malcolm Taylor Traffic Engineer (Community), DDI 941-8604
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The purpose of this report is to seek the Committee's approval to change the parking restrictions on the northern side of Lichfield Street west of Colombo Street now that the construction in this area is nearing completion. (see attachment).

BACKGROUND

Chas S Luney Ltd has informed the Council that the 'construction zone' in front of the Ballantyne shop in Lichfield Street is no longer required. The new Nam Yee development on the corner of Colombo Street is expected to be completed by December 2002, and the 'construction zone' in front of this building will also become available for vehicle parking. It is now appropriate to review the overall parking requirements over both of these sites on the northern side of Lichfield Street between Ballantyne's and Colombo Street.

CONCLUSION

Consultation on the proposed parking changes has been carried out with representatives from J Ballantyne Co Ltd and Armitage Williams Construction Ltd for the Nam Yee Development. As well as an area of time limited parking for shoppers, they have requested a 'P5 loading zone for goods service vehicles only'. This will also assist other retail business's in this area by providing some short term parking for the delivery and pickup of goods.

The Parking Operation Manager is agreeable to the installation of the proposed parking restrictions.

Staff

Recommendation: That the Committee approve the following parking restriction changes.

1. That the existing parking restrictions on the northern side of Lichfield Street commencing at its intersection with Colombo Street and extending in a westerly direction for a distance of 87 metres be revoked.
2. That a 'loading zone goods vehicle only time limit of 5 minutes' be created on the northern side of Lichfield Street commencing at a point 22 metres from its intersection with Colombo Street and extending in a westerly direction for a distance of 15 metres.
3. That parking meters with a time limit of 60 minutes be installed on the northern side of Lichfield Street commencing at a point 46 metres from its intersection with Colombo Street and extending in a westerly direction for a distance of 33 metres.

7. LINWOOD GLOUCESTER PROPOSED TRAFFIC SIGNALS

Officer responsible City Streets Manager	Author Lorraine Wilmshurst, DDI 941-8662
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The purpose of this report is to inform the Committee of the outcome to the public consultation and seek the Committee's approval to proceed with the installation of the traffic signals at the intersection of Linwood Avenue and Gloucester Street.

BACKGROUND

This intersection forms a capacity restraint on a significant route east of the city. Linwood Avenue is a major arterial east west route between Avonside and Mt Pleasant. It currently carries around 10,500 vehicles a day east of the intersection. Gloucester Street is a minor arterial route providing access between north Linwood and Wainoni with the City Centre. Gloucester Street south of Linwood Avenue carries around 8,100 vehicles per day. The total traffic volume through the intersection is very high for a roundabout with the current lane configuration.

Installation of traffic signals appears to be the only viable option. The angles of the approach roads restricts changes to the approach geometry of the existing roundabout. Significant land purchase would be required to realign the roads and construct a suitable two lane roundabout. Such a change would also effect significant trees on Linwood Avenue west of the intersection.

The proposed signals will reduce delays at the intersection, are also likely to significantly improve safety at the intersection, and cyclists and pedestrian facilities will be provided.

The Committee at its July 2002 meeting resolved:

"That the project be approved for the purpose of consultation by way of written submissions and that if any submitter wishes to be heard, then such hearings be held by the Land Transport Subcommittee plus the Chairman of the Hagley/Ferrymead Community Board."

DISCUSSION

A publicity leaflet was distributed to all residences in the area – Linwood Avenue from Buckleys Road to Brittan Street, Tancred Street from Hereford to Woodhouse Street, Gloucester Street from England Street to Woodhouse Street, Worcester Street from Tancred Street to Wyon Street, Hereford Street from Tancred to Linwood Avenue and Rochester Street.

A copy of the leaflet was posted to the three residents groups adjoining the project area - Englefield Neighbourhood Committee, Linwood Neighbourhood Committee, and Linwood North Residents Association. Enlarged copies with an A4 explanation were sent to the three churches in the area – St George's Presbyterian Church, Linwood Baptist Church, Linwood Salvation Army Church - the Linwood Library and the Linwood Service Centre for display.

The responses to the publicity leaflet were one written submission, 15 comments on the space on the leaflet, and two phone calls. Twelve of the responses were in favour of the work proceeding for the installation of the traffic signals and two indicated that they were not. Several other comments were made:

- Three expressed concerns about the loss of trees and one asked could daffodils be planted in the median.
- A request was received asking that the relocated position of the inbound bus stop in Gloucester Street be reviewed and residents in the vicinity be consulted.
- One comment questioned the safety of pedestrians crossing the slip lane Linwood into Gloucester Street.

CONCLUSION

The responses to the leaflet indicate that the majority of the public are in favour of the work proceeding. The request to look at the relocation position of the bus stop will be investigated further and the resident who was concerned about the pedestrian safety has been contacted.

The Land Transport Subcommittee has heard the two submitters wishing to be heard in person and the recommendation of the Subcommittee will be tabled at the meeting.

7 Cont'd

Staff

Recommendation: That the Committee approved the installation of the traffic signals at the intersection of Linwood Avenue and Gloucester Street.

Chairman's

Recommendation: That the above recommendation be adopted.

8. **GLOUCESTER STREET P5 LOADING ZONE**

Officer responsible City Streets Manager	Author Barry Cook, DDI 941-8938
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The purpose of this report is to seek the Committee's approval to change an existing 'P5 At Any Time' parking restriction to a 'P5 Loading Zone at Any Time' on the north side of Gloucester Street just west of New Regent Street.

The area involved is opposite The Press printing buildings (see plan attached) and in front of the Theatre Royal. One of the signs for the existing restrictions keeps getting destroyed and it is proposed to turn the area into a 'P5 Loading Zone At Any Time', so that the area can be marked out with yellow paint. This will eliminate the need to have two signs and therefore help enforcement of the area.

Staff

- Recommendation:**
1. That a 'Loading Zone Time Limit 5 Minutes At Any Time' be installed on the north side of Gloucester Street commencing at a point 29 metres from its intersection with New Regent Street and extending in a westerly direction for a distance of 16.5 metres.
 2. That the existing 'P5 At Any Time' on the north side of Gloucester Street commencing at a point 29 metres from its intersection with New Regent Street and extending in a westerly direction for a distance of 16.5 metres be removed.

Chairman's

Recommendation: That the above recommendation be adopted.

9. CHRISTCHURCH-ROLLESTON & ENVIRONS TRANSPORT STUDY UPDATE

Officer responsible City Streets Manager	Author Paul Roberts, Transport Planning Engineer, DDI 371-1355
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The purpose of this report is to provide the committee with a bi-monthly update on progress with the Christchurch-Rolleston & Environs Transport Study ('CRETS').

Unfortunately, the study has recently made poor progress against the programme, with validation of the CRETS project model taking longer than anticipated. This may primarily be attributed to the difficulty in fine-tuning the model to adequately replicate travel patterns on relatively low-volume roads within Selwyn District, whilst at the same time maintaining accuracy on higher volume roads within Christchurch City. These difficulties do, however, appear to have been overcome and validation of the base model is essentially complete. However, as a consequence of these delays the currently programmed completion date for the study has slid to early October 2003, compared with the earlier advised completion date of late August 2003. This does not have budget implications for the Council, given the fixed price nature of the contract with the consultant.

Over the past couple of months the consultants have undertaken work in the following areas:

- Extending/refining the CTS model. The model has been modified to be more appropriate to the analytical tasks which will be required. This has included detailed examination of airport trip demand at Christchurch International Airport and fine-tuning within Selwyn District as noted above. The draft Validation Report for the CRETS project model has now been received from the consultant and will be finalised shortly.
- Development of Land-use Projections. The potential impact of various 25 year development scenarios is to be examined by the study and these projections thus form an important input for the analysis.
- Finalisation of Do-minimum Network. This has involved the inclusion of all committed roading works in the base model transport network.
- Initial deficiency analysis. This involves identification of perceived existing deficiencies (via the initial consultation exercise) and the projected future deficiencies based on projected demands using the analytical modeling work.

Over the next two months, the network deficiency analyses (using the traffic model) will be completed, the initial set of future network improvement strategies to be tested will be confirmed and preliminary design and costing of options undertaken.

It is likely that the need to confirm the initial set of improvement strategies will require a meeting of the study's elected member 'contact group' (comprising the Land Transport Subcommittee plus one nominee from the Spreydon/Heathcote and Fendalton/Waimairi Community Boards and two nominees from the Riccarton/Wigram Community Board) to discuss the strategies being proposed. A date will be advised to members in due course.

Chairman's

Recommendation: That information be received.

10. KILMORE STREET P10

Officer responsible City Streets Manager	Author Barry Cook, DDI 941-8938
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The purpose of this report is to seek the Committee's approval to the installation of a short term parking restriction outside Environment Canterbury in Kilmore Street (see plan attached).

The offices of Environment Canterbury have just been enlarged by the construction of an additional building in the carpark to the east of the existing building. The public entrance will be relocated to the centre of this new building and the existing covered way will be removed.

A request has been received for the redundant vehicle entrance to the former carpark to be made a short term drop off area. The length of this crossing is insufficient to allow efficient use as a drop off area and it is therefore necessary to remove one parking meter space. Parking meters have recently been installed on the opposite side of Kilmore Street.

10 Cont'd

Staff

Recommendation:

1. That the parking of vehicles be restricted to a maximum period of 10 minutes on the south side of Kilmore Street commencing at a point 68 metres from its intersection with Durham Street and extending in a westerly direction for a distance of 14 metres.
2. That the 'parking meter' on the south side of Kilmore Street commencing at a point 76.5 metres from its intersection with Durham Street and extending in a westerly direction for a distance of 5.5 metres be removed.

Chairman's

Recommendation:

That the above recommendation be adopted.

11. CATHEDRAL SQUARE PARKING

Officer responsible City Streets Manager	Author Brian Neill, DDI 941-8616
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The purpose of this report is to request the Committee to consider changing an existing 'P30' parking restriction (for three carparks) outside the Anthony Harper Building in the northwest quadrant of Cathedral Square to 'P5'.

BACKGROUND

Kerbside parking within the north west quadrant of Cathedral Square has traditionally been available to motorists 24 hours of the day. Originally serving the former Chief Post Office, postal boxes and cinemas, angle parking adjacent to the four ships court has always been popular.

More recently, temporary works have been carried out to manage parking in this quadrant of the Square including a 'general P5' restriction adjacent to the Anthony Harper Building and entrance to Chancery Lane. To supplement the short term nature of parking in this area, three angle carparks were created with a time limit of 30 minutes.

DISCUSSION

Unfortunately, these three carparks are parked out most of the day by long term parkers to the detriment of local businesses. A chemist that has recently relocated from the Regent Building into the Anthony Harper complex has been especially disadvantaged. Taxis often take over this parking area denying customers and other visitors space which is at a premium most times of the day.

If the 'P30' restriction was removed and replaced with 'P5' parking compatible with other carparks in this area businesses would benefit along with people using the area as a drop off point and for the collection of goods from nearby businesses, (see plan attached).

CONCLUSION

In order to overcome the present difficulties with the management of the existing three, 'P30' parking spaces in the northwest quadrant of Cathedral Square adjacent to the Anthony Harper building, this restriction should be revoked and a new 'P5' area created.

Staff

- Recommendation:**
1. That the existing 'P30' angle parking area for three car parks adjacent to the Anthony Harper building in the northwest quadrant of Cathedral Square be revoked.
 2. That the parking of vehicles be restricted to a maximum period of 5 minutes along the angle parking area outside the Anthony Harper building in the northwest quadrant of Cathedral Square.

The Parking Manager agrees with this recommendation.

Chairman's

Recommendation: That the above recommendation be adopted.

12. NORTHERN ROADING OPTIONS SCOPING STUDY – STUDY RELEASE AND DECISION PROCESS

Officer responsible City Streets Manager	Author Stuart Woods, DDI 941-8615
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The purpose of this report is to bring to the attention of the Committee the imminent receipt of the consultant's completed report on the Northern Roading Options Scoping Study, and to propose a mechanism for dealing with the report.

The Northern Roading Options Scoping Study is currently progressing on two fronts, with no current public interaction. Work currently underway is the review of the 1600+ public submissions which were received during the consultation period (28 October 2001 - 25 February 2002) and further analysis, primarily extra modelling work, on variations of the preferred strategy. These tests essentially ask the 'what-if' scenarios, where projects are progressively and alternatively removed from the preferred strategy to see what the effects would be (at least from a traffic network perspective).

The analysis of public submissions is largely complete. The analysis will provide an overview of the submissions as well as assessments by specific project within the overall strategy, of the issues raised and the level of support/opposition by issue.

In the coming month or so, the consultant will be completing the study from their perspective. This then raises the matter of how we, the study partners, will deal with it. Of the study partners, the key parties that need to co-operate in releasing the reports and settling the outcomes are the Council and Transit.

Transit has expressed their wish to report the study to their board prior to reporting to the Council. They have indicated that as Transit is interested in relatively few of the projects and they tend to be needed some time into the future, that the reporting to the Transit Board would seek decisions to determine the principles for response related to these projects, rather than anything too specific. This is probably helpful in the process of seeking to find an agreed strategy for the future between the Council and Transit by allowing the opportunity for ongoing discussion.

The timing of the work/consultant's programme indicate that the completed consultant's study report will be available about the end of October. With the November Sustainable Transport and Utilities Committee meeting set for 5 November 2002, it will be a challenge to get NROSS reported to that November meeting. This would indicate reporting to the 26 November 2002 meeting.

The author has had informal discussions with the Land Transport Subcommittee, the Corporate Team and the Consultation and Communication Special Committee regarding how the Council could receive and deal with the consultant's completed study report. The process outlined below is a summary of those discussions:

Proposed Release And Decision Process:

Early November 2002 Transit Board meeting receives the NROSS completed study report and makes decisions in principle only on Transit-related projects.

Early November 2002 Seminar One (Sustainable Transport and Utilities Committee and members of Community Boards – Burwood/Pegasus, Fendalton/Waimairi and Shirley/Papanui) - a briefing on the consultant's completed report. This could also provide an opportunity for Transit's position to be outlined if its Board had previously received the report.

26 November 2002 Report to the Sustainable Transport and Utilities Committee, to table the completed consultant's report.

Mid February 2003 Sustainable Transport and Utilities Committee and Board members hold a seminar meeting with local Action Groups.

Early March 2003 Sustainable Transport and Utilities Committee and Board members meet with members of the community who wish to express views on the completed consultant's report. It would seem wise to include Transit in these meetings somehow, and maybe have a meeting between Transit and Councillors between Seminar Two and the decision-making round of Council meetings.

March 2003 Seminar Two. Sustainable Transport and Utilities Committee and Board members to consider responses to community views and the completed consultant's report.

12 Cont'd

April 2003 Reports to Sustainable Transport and Utilities Committee for decisions on the NROSS proposals.

Staff

Recommendation: That the Committee endorses the above procedure for receiving and dealing with the consultant's completed report for the NROSS study.

Chairman's

Recommendation: That the above recommendation be adopted.

13. RESPONSIBILITY FOR MAINTENANCE AND RENEWAL OF SERVICES LOCATED IN PRIVATE RIGHTS-OF-WAY

Officer responsible Director of Policy	Author Allan Watson, DDI 941-8303
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The purpose of this report is to review the Council's policy on maintenance and replacement of services located in private lanes/rights-of-way in response to a petition from private lane residents seeking relief from such responsibilities

BACKGROUND

Council policy, set out in more detail below, simply affirms what is the legal position that property owners who gain access to their property via a privately owned right-of-way (ROW) are jointly responsible for the maintenance and replacement of the services located in the ROW including the carriageway, berm, footpath and kerb (if any), water supply, main/submain, sewer, stormwater facilities, planting and lighting. This is a generalisation because, as explained below the situation may differ slightly from lane to lane, but the generalisation is largely correct and adequate for this background discussion.

Historically, rights-of-ways have been used by developers to provide access to a limited number of lots where the laying out of a public road is seen to be an unnecessary expense and use of land. As set out in section 348 of the Local Government Act, Council approval is required for the creation of rights of way, and the section also allows the Council to impose conditions relating to widths, levels, courses, formation, etc. Purchasers of lots in such a development benefit from lower section prices because of the savings achieved by providing a right-of-way standard of access. The ROW remains in the ownership of the residents served by it and accordingly they become responsible for the maintenance of the lane and the services it contains. This is the quid pro quo for the benefit received at purchase.

With the passage of time, as the properties change hands two effects occur that lead the residents to a rather sceptical view of this benefit/cost explanation. First, the on-going value of the property often does not continue to reflect the initial savings, meaning that a subsequent owner may not pay that lower price. Indeed many such properties may have a premium value because of the privacy they afford. Second, the maintenance arrangements and various rights and responsibilities taken up by a new owner, as set out in the easements and memoranda associated with the title may not be fully explained to a subsequent purchaser so that it comes as a surprise to learn that they are jointly responsible for patching the lane surface or renewing the water submain or whatever.

THE PETITION

The petition signed by the owners of 12 lots in Karen Lane, Beckenham, essentially requests that the Council undertake the maintenance of water, drainage, sewerage and roading services contained within the lane. It notes that *"in view of the fact that we pay the same rates as households on so-called public streets we feel we are entitled to the same services. The alternative is a state of affairs we are also no longer responsible or prepared to tolerate"*. A copy of the petition is tabled.

13 Cont'd

RIGHT-OF-WAY PROCESSES AND CURRENT COUNCIL POLICY

In 1991 the Council reaffirmed its policy of not maintaining services located in or on private rights-of-way. This principle is followed for water supply, stormwater, sewerage, lighting, carriageway, berms, footpaths and kerb and channel. However, historical practice which is still in place leads to some exceptions and it is these differences that can give rise to confusion for the resident. The exact situation for a given right-of-way is defined by the easements and memoranda recorded against the title at the time of subdivision. These will generally reflect the principle of joint responsibility for maintenance but could also reflect the following exceptions:

1. Long standing practice for stormwater and sewer pipes is that for pipe diameters of 150 mm or above (and this is the size at which manholes are required) the Council will require them to be laid within an easement in favour of the Council, will accept ownership of the facility as a public drain and will maintain and replace the drain as necessary.
2. Practice for water supply mains is that if any right-of-way property is located more 135 metres from a public street hydrant the Council will require installation of a hydrant in the right-of-way, protect the main supplying the hydrant by way of an easement in favour of the Council and own and maintain the line up to and including the hydrant.

A pipe which is owned by the Council and which is installed in a right-of-way principally for water supply networking purposes (with or without an easement in favour of the Council) is maintained by the Council. (See Council Policy decision 26 April 2001).

The Council also maintains and services water connection boxes whether installed on private property or public land (See Council Policy decision 26 April 2001).

3. Current practice for street lighting is that the Council will not maintain street lights on rights-of-way. (See Council Policy decision 23 July 1990). However the Council has inherited some historic situations where the cost of power and maintenance needs are covered by the Council and these 'existing rights' have not been rescinded.
4. The Council has agreed to travel down rights-of-way to pick up rubbish and recyclables where the right-of-way meets certain criteria relating to ROW width, grade, trees, negotiability, number of dwellings, (must be 5 or more), length, (must be 80m or more) and lane must be a mutual ROW.

OPTIONS AND COSTS

The options would seem to be to:

1. Stay with the current policy and practice, but do work with the legal profession to ensure purchasers are properly briefed about their responsibilities when buying property serviced by a right-of-way or to;
2. Undertake an investigation of the legality and practicality of carrying out some or all of the maintenance and renewal of the services listed above.

Information that defines the length, width and number of lots serviced by each right-of-way in Christchurch city is not available and a lengthy and costly exercise is required to obtain it. However, an analysis has been carried out that provides information sufficiently accurate to work out the costs that would be involved in maintaining and renewing the various services.

The Council's Property database indicates that of the 144,600 properties within the city boundaries, 23,193 are back section lots. Analysis of a large sample of named private lanes shows that the average length of right-of-way required per lot is about 15 metres. This in turn implies that the total length of private right-of-way in Christchurch is approximately 348 km.

13 Cont'd

On this basis the cost of maintaining and replacing the services contained within the right-of-way is:

MAINTENANCE AND REPLACEMENT COSTS OF RIGHT-OF-WAY SERVICES		
Roading	Annual Maintenance	Annual Replacement
Pavement (1.75 km ²)	\$ 875,000	
Kerb and channel	\$ 21,500	
Street lighting (1200)	\$ 132,000	
Cleaning, sump cleaning, flooding (348 km)	\$ 525,000	
Accessways	\$ 50,000	
Subtotal	<u>\$1,603,500</u>	\$1,365,000
Water Supply		
Submains maintenance (348 Km, 60 year life)	\$150,000	\$300,000
Sewerage	\$196,000	\$364,000
Stormwater	\$234,000	\$175,000
Total	\$2,183,500	\$2,204,000

Raising the finance to fund these works presents its own set of issues. If funding were to be found from the rates gathered to finance each of the services on public roads we would have a situation where ratepayers were providing for the maintenance and renewal of assets on private property and serving a sub group of the population. On the other hand if an attempt was made to raise the funds by way of a special rate from those properties that gain access from rights of way the Council would have a huge task identifying and maintaining such a rating base. Comment from the Council's Legal Services has been sought and they report as follows:

"The obligations regarding maintenance of a right of way will depend on the words used in the instrument creating the particular right of way. However, section 126B Property Law Act 1952 provides that the rights set out in the Ninth Schedule of the Act shall apply to every grant of a vehicular right of way. These rights apply only so far as a contrary intention is not expressed in the instrument creating the right of way. Under the Ninth Schedule occupiers of the land for the benefit of which, and the land over which, the easement is granted have a right to a contribution from all other occupiers for the cost of maintenance, upkeep and repair of the right of way. In effect this means that the occupiers who benefit from the right of way share the cost of maintenance.

The instrument creating the right of way is registered against the certificates of title to the land for the benefit of which the easement is created. It is the responsibility of professional advisors to ensure that purchasers are made aware of the implications (including maintenance obligations) of any easements registered against the certificate of title to the property their client intends to purchase.

SUMMARY

If the Council was able to take over the maintenance and replacement of right-of-way services and it so decided, it could expect an additional annual operating cost of \$2,183,500 and an additional \$2,204,000 in annual replacement costs. However there are real impediments if the Council were to attempt such a course of action. The first is the lack of general powers to undertake such maintenance and the second is the difficulty of defining the rateable properties. Furthermore the Council would be setting aside existing legal instruments that provide for such work.

Should the Council decide to affirm its current policy it would be helpful if the detail of this policy was set out in an accessible form for the information of residents, developers, solicitors, surveyors and consultants and an effort made to ensure that property purchasers were made fully aware of the commitments relating to the right-of-way access.

13 Cont'd

Staff

- Recommendation:**
1. That the Council re-affirm its general policy of not maintaining right-of-way services reflecting the legal situation established at ROW formation.
 2. That the detail of the policy for each service be clearly set out for subsequent approval by the Council and promulgation to the community.
 3. That steps be taken to ensure that the legal profession is careful to advise property purchasers of the commitments attached to any property gaining access from a right-of-way.

Chairman's

Recommendation: That the above recommendation be adopted.

14. **CYCLE STEERING SUBCOMMITTEE**

Officer responsible City Streets Manager	Author Kevin Roche, Committee Secretary, DDI 941-8536
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The purpose of this report is to advise the Committee of the resignation of Councillor Erin Baker from the Cycle Steering Subcommittee and seek approval to the appointment of Councillor Chrissie Williams as Chairperson.

At its inaugural meeting on 8 November 2001 the Council established a Cycle Steering Subcommittee consisting of Councillors Erin Baker (Chair), Pat Harrow and Chrissie Williams plus external appointees. A total of seven external appointments have been made to the Subcommittee representing such agencies as the LTSA, NZAA, SPOKES and cyclists.

Councillor Erin Baker has advised of her wish to resign from the Subcommittee and at its meeting on 27 August 2002 the Subcommittee resolved to seek the approval of the Sustainable Transport and Utilities Committee to the appointment of Councillor Chrissie Williams as Chairperson in replacement.

Additional matters considered by the Subcommittee at its meeting related to:

- Little River cycleway,
- Recent changes to City Streets Unit,
- Planning needs map,
- Cycle paths and cycle lane comparisons,
- LTSA update,
- Promotion and education budget,
- General business.

A copy of the minutes of the meeting have been separately circulated to members for their information.

Subcommittee

Recommendation: That Councillor Chrissie Williams be appointed as Chairman of the Cycle Steering Subcommittee.

Chairman's

Recommendation: That the above recommendation be adopted and no further additional elected representatives be appointed to the Subcommittee.

15. CANTERBURY JOINT STANDING COMMITTEE - REVISED CONSTITUTING AGREEMENT

Officer responsible City Water and Waste Manager	Author Kevin Roche, Committee Secretary, DDI 941-8536
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The purpose of this report is to seek approval to the adoption by the Council of a revised constituting agreement for the Canterbury Joint Standing Committee (CJSC) to replace the existing agreement adopted by the Council in November 1998.

BACKGROUND

The existing constituting agreement for the CJSC was signed in 1999 by all ten local authorities from Waimate District Council in the south to Kaikoura District Council in the north. It has a current emphasis on matters relating to the joint venture company (Transwaste Canterbury Ltd) and the regional landfill.

At the initial meeting, for the new Council term, of the CJSC and Canterbury Waste Subcommittee (CWSC) in November 2001, it was agreed that there was a need to redraft the constituting agreement to more clearly reflect the distinction between shareholder and non-shareholder participating Councils and the role the CWSC undertook in waste minimisation initiatives. Particular concern had been expressed by the non-shareholder participating Councils on these issues.

A working party consisting of elected representatives and staff was established following the November 2001 meeting and met on several occasions to redraft the agreement assisted by Buddle Findlay and Co, solicitors.

At the meeting of the CWSC on 11 July 2002 a revised draft for the constituting agreement was adopted by the Subcommittee which resolved:

"That the revised constituting agreement be circulated to all participating councils for consideration, adoption and execution, and that two presentations on the revised constituting agreement be made to participating Councils in late August or early September 2002."

The new agreement more clearly separates regional waste minimisation matters from those relating to the joint venture company and is divided into two parts 'A' and 'B' to reflect the above differentiation including the different responsibilities of shareholder and non-shareholder councils.

As requested by the CWSC a copy of the revised constituting agreement is attached (Appendix A) for consideration and adoption by the Council. A table prepared by Buddle Findlay and Co to provide a cross-reference between the existing and proposed agreements is also attached, together with a copy of the existing agreement (Appendices B and C).

A presentation to all Councillors and elected representatives from the Hurunui, Waimakariri, Banks Peninsula, Ashburton and Selwyn District Councils was made on 30 August 2002 to explain the reasons for the revised agreement and the differences between the proposed new agreement and the existing. Some minor amendments arose from that presentation and also from comments made by Christchurch City Council and Timaru District Council staff, which have now been incorporated into the revised agreement as attached and agreed by the Canterbury Waste Subcommittee at its meeting on 2 September 2002.

The revised constituting agreement has also now been forwarded to all nine other participating Councils for formal adoption following which it would be executed under each Council's seal. A small change to the Council's Standing Orders is also required to allow for the new agreement. It should be noted that all ten Councils will need to adopt the new agreements in order for it to come into effect and replace the existing constitution.

Subcommittee

- Recommendation:**
1. That the revised constituting agreement for the Canterbury Joint Standing Committee as attached, be formally adopted by the Council and that the delegations within it be recorded in the Delegations Register.

15 Cont'd

2. That Standing Orders be amended as follows:

“Special voting rules for Canterbury Joint Standing Committee:

(a) In all matters affecting all member Councils of the Committee:

- (i) The Christchurch City Council shall be entitled to three votes, cast as a block;
- (ii) All other member Councils shall be entitled to one vote each.

(b) In respect of matters affecting the JV Councils (as that term is defined in the Canterbury Joint Standing Committee Constituting Agreement) only:

- (i) The Christchurch City Council shall be entitled to 50% of the votes, cast as a block;
- (ii) All other JV Councils shall be entitled to one vote each.”

Chairman's

Recommendation:

That the above recommendation be adopted.

16. COUNCIL DELEGATIONS TO CANTERBURY JOINT STANDING COMMITTEE

Officer responsible City Water and Waste Manager	Author Zefanja Potgieter, DDI 941-8271
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The purpose of this report is to provide information regarding existing delegations by the Council to the Canterbury Joint Standing Committee for the proposed regional landfill as requested at the August 2002 Council meeting. A copy of this report has also been provided to the Strategy and Finance Committee for its information.

BACKGROUND

Councillors will be aware of the background leading to the establishment of the Canterbury Joint Standing Committee (CJSC), the Canterbury Waste Subcommittee (CWSC, or the Subcommittee), and Transwaste Canterbury Ltd (refer to Attachments A and B for an explanation of the structural relationships). These all relate to the Canterbury regional joint venture to establish a new regional landfill (Kate Valley).

During the Council meeting of 22 August 2002 a question was asked regarding delegations to the Canterbury Joint Standing Committee, and reporting processes.

On 31 August 1998 the Council resolved to join the regional landfill process by adopting the Memorandum of Understanding. On 17 November 1998 the Council decided to, in conjunction with all Canterbury territorial local authorities, appoint a joint Standing Committee called the Canterbury Joint Standing Committee (CJSC). The Council then appointed three members of the then City Services Committee (now Sustainable Transport and Utilities Committee) as representatives of the Council on the CJSC, requiring that one of them be nominated to be Chairman of the CJSC (and the Subcommittee which was appointed by the CJSC to perform all its delegated functions). The 17 November 1998 report and resolutions are included as Attachment C.

In addition, in recommendation 3(a) of the report (Attachment C), the Council authorised the delegation to the CJSC of

“All matters relating to participation in the operation of JVCo formed by the Councils and Canterbury Waste Services Limited as set out in the Memorandum of Understanding dated 3 September 1998 (‘MOU’) for the purposes of selecting, developing, owning and operating a Canterbury regional landfill and associated transport and collection systems (transfer stations to the landfill only)” after which 6 specific functions were listed.

The effect of this delegation in recommendation 3(a) is that the CJSC (and therefore the Subcommittee) is empowered, on behalf of the six shareholder territorial local authorities (Christchurch, Banks Peninsula, Ashburton, Selwyn, Waimakariri and Hurunui), to pass resolutions relating to the regional landfill on their behalf. Those resolutions are then reported to the respective member Councils for information. Member Councils therefore do not have the authority to pass resolutions on matters already delegated by themselves for total and complete jurisdiction to the Subcommittee.

Recommendation 5 of the report (Attachment C) furthermore states:

“The functions, powers and duties delegated under resolution 3(a) above may not be revoked other than in accordance with the Constituting Agreement between the participating Councils”.

The detailed arrangements for the territorial local authorities to work together on the regional landfill project plus work cooperatively as a regional group on certain non-landfill regional waste initiatives is contained in the *Constituting Agreement* (tabled and also appended with report No 15) (dated 6 May 1999), which stipulates that those members who signed the Memorandum of Understanding ‘shall not’ revoke the 3(a) delegations (mentioned above) until Transwaste Canterbury Ltd is liquidated, and until after the expiry of such a period as is reasonably necessary to conclude its then current business.

16 Cont'd

At the 22 August 2002 Council meeting the question was asked why Transwaste Canterbury Ltd does not report to CCHL, as other Local Authority Trading Enterprises (LATES) do. The difference is that none of the other LATES operate through a Joint Standing Committee such as CJSC that has been given specific delegations, and which acts on behalf of, not only this council, but also five other territorial local authorities. The Local Government Act provides that a Joint Standing Committee is deemed to be a Committee of this council and a Committee of the other participating Councils. This Council's interests in the joint venture company Transwaste Canterbury Ltd is therefore managed through CJSC (and the Subcommittee), unlike any other LATE, and therefore reporting through the committee (and not CCHL) is appropriate.

Additional comments by Councillor O'Rourke. "There is a close relationship between the commercial constraints on the Transwaste Canterbury Ltd landfill gate charge and the need for waste incentive and disincentive charges at both district/city and at regional level. This can only effectively be handled via the CWSC. CCHL is too remote from issues of that kind to be able to effectively conduct the governance of Transwaste Canterbury Ltd, given that the company's commercial affairs are interwoven with waste minimisation and community issues, as well as the implementation of the councils' various waste plans and the regional waste minimisation agreement."

SUMMARY

The Council has joined other stakeholders (five other territorial local authorities and two commercial companies) to establish a joint venture Canterbury landfill. As discussed in the report, short of unravelling the entire joint venture (ie liquidating Transwaste Canterbury Ltd) and leaving this Council with no refuse disposal site when Burwood is filled up, this Council is committed to the project via the Memorandum of Understanding with the other stakeholders and has delegated all matters regarding the development of the new landfill to the CJSC.

Chairman's

Recommendation: That the information be received.

17. TENDER ACCEPTANCE FOR PRESSURE MAIN NO 11 UPGRADE: CONTRACT 2002/03-82

Officer responsible Water and Waste Manager	Author Graham Williams, DDI 941-6438 and Graeme Inglis, DDI 941-8715
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The purpose of this report is to provide background information prior to the acceptance of a tender for Contract 2002/03-82 'Pressure Main No. 11 Upgrade'. A supplementary report giving tender details and recommendation for tender acceptance will be provided prior to the meeting.

BACKGROUND

This work forms part of the overall AWT Programme of Works, which was presented to a Councillor workshop on 13 August 2002 and reported to Sustainable Transport and Utilities Committee on 12 September 2002.

The capacity of the system, which carries the sewage flows from Southern Christchurch into the treatment plant at Bromley, is at present under increasing pressure due to continued development in this sector of the City. The Southern Relief Sewer increasingly is at capacity and is due for replacement starting in 2004. As part of the proposals to improve this network the Southern Relief is to be redirected to Pump Station No 11 in Randolph Street, Linwood. This station's capacity is to be increased over the next two financial years to cope with the larger inflows caused by this development and the recent upgrading of Pump Station No 20 and its pressure main (which have already increased the flows to No 11). **Pressure Main No 11 is required to carry these flows from Pump Station No 11 to the Treatment Works.** Its construction is therefore the first step in an integrated approach to provide more capacity to the sewerage network in Southern Christchurch.

TENDER

The tender process involved initial advertising for registration of interest, which led to the selection of seven contractors considered to have the experience, resources etc, to complete the job successfully. No dig techniques are required to be used where the new pipeline crosses major services.

From this registration process the seven contractors shortlisted to submit tenders were as follows:

- March Construction Ltd,
- McConnell Dowell Ltd,
- G & T Construction,
- Delta Construction,
- Dormer Construction,
- Downer Construction,
- Dave Gutry Construction Ltd.

City Solutions cost estimate for the job was \$4.69m (+/- 15%).

Tenders closed at 12 midday on Wednesday 2 October 2002. The contract is to be completed within 100 weeks by 24 December 2004.

PROGRAMME OF WORK AND BUDGET

The upgrade work and finance budgeted is as follows:

Item	Amount Budgeted in 2002/03 Corporate Plan			
	2002/03	2003/04	2004/05	Totals
PS 11 Pressure Main Upgrade	1,213,000	1,000,000		2,213,000 ⁽¹⁾
Main Trunk Expansion (SW sector)		3,076,000	3,076,000	6,152,000 ⁽²⁾

There is a total budget allowance for the project (before design fees) of \$2.213M ((1) above) spread over the current and next financial year. The approximate \$2,500,000 shortfall will be funded from the \$6.152M budget allowance ((2) above) for main trunk expansion (SW sector) in the 2003/04 and 2004/05 years.

Note: Now that the AWT investigation has been completed, it is intended that the ten-year Capital Works Programme for the work will be re-detailed to better reflect refined estimating. This re-worked programme will be presented to the Council as part of the 2003/04 financial plan process.

17 Cont'd

SUMMARY

This tender is part of the long-term wastewater reticulation upgrade programme. A tender acceptance supplementary report is expected to be available for this meeting on 8 October 2002. Funds are available in the City Water and Waste Unit budget to finance the project.

Staff

Recommendation: That the above information be received, awaiting the supplementary report on tenders prices received.

Chairman's

Recommendation: That the information be received.

18. **CWTP RESOURCE CONSENT FOR WASTEWATER EFFLUENT DISCHARGE**

Officer responsible City Water and Waste Manager	Author John Moore, Senior Engineering Officer, DDI 941-8961
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The purpose of this report is to confirm the direction indicated at the recent seminar of 13 September 2002, concerning a resource consent for the CWTP wastewater effluent discharge, ie that the Council will now pursue an ocean outfall.

A separate report will be submitted to the Council in November recommending more details on the process for progressing an application for an ocean pipeline consent, and recommending how the Council should proceed with the appeals it has lodged against the five consents granted by Environment Canterbury in April and June 2002.

BACKGROUND

The background leading up to the 13 September 2002 Seminar, attended by twenty Councillors and the Mayor, was published in the Press newspaper and is appended (refer Attachment 1) to this report for readers information.

Investigations commenced in 1996 for the preparation of a suite of 5 consents for a range of activities and discharges related to the wastewater discharge, to replace the existing consent for discharge of wastewater to the estuary, which was to expire in October 2001.

After extensive research and consultation, the Council subsequently resolved in August 2000 to seek a discharge consent for an estuary outfall for 15 years, as it considered at that time, that this option provided the greatest flexibility both in terms of environmental needs and technological advances, and did not preclude an ocean outfall after 15 years. The short-term consent also necessitated the continued assessment of management practices, as this consent would be for a limited time span.

The wastewater discharge consent handed down late last year by the four Environment Canterbury Commissioners for the discharge to the estuary was for five years only, and conditional that provision for UV be provided within 2 years, along with a strongly implied message given by the Commissioners that the Council should pursue an ocean outfall at the earliest opportunity. This decision was prompted by the Commissioners perception that the estuary was in a highly degraded state and it was not a sustainable option in ecological terms to continue effluent discharge to the estuary environment.

The Environment Canterbury decision and other conditions attached to it made the option of pursuing the estuary option untenable to the Council in that format. For example, a well designed UV plant would be very difficult to construct within two years and could well be redundant for any ocean outfall. At the very least a UV plant would be constructed in a different location for an ocean outfall to that for an estuary outfall.

For these reasons the Council submitted broad ranging appeals to the decisions in May and July 2002 to allow time to further consider the options via the negotiation and/or appeal route.

18 Cont'd

EXPERT REVIEWS

Having done this, a series of expert reviews were completed with respect to the estuary outfall on ecology and public health by eminent scientists, who are experts in their fields of marine ecology, and public health. Further information was also sought regarding alternative technology, costs, and legal issues regarding the discharge consent. These reviews were undertaken during August, and culminated in a seminar on 13 September 2002 for all Councillors and other interested parties, where this information was presented. The information presented at the seminar of 13 September 2002 which was attended by twenty Councillors and the Mayor, is tabled.

ECOLOGY AND PUBLIC HEALTH

In brief, the estuary ecology review panel found the estuary to be in a stable condition, if somewhat degraded. Their conclusion was that there was not extreme urgency for the discharge to leave the estuary, although this should nevertheless be pursued in an orderly way. The benefits of removing the discharge from the estuary included a 50% reduction or better in sea lettuce, along with the associated smells during warm weather, and reduction of anoxic conditions where rotting sea lettuce accumulates. Ammonia levels within the wastewater were also identified as likely to cause chronic health for juvenile fish.

The public health review identified a conflict in the use of the estuary between wastewater discharge and recreational use, particularly as this is a relatively small enclosed body of water providing relatively low dilution, and there is only one estuary. In addition there is no other aquatic recreational area apart from the ocean readily available to the residents of Christchurch. The review panel also advised of the recent release of Microbiological Water Quality Guidelines for assessing health risks associated with recreational contact with water. Applying these new assessment criteria to the estuary and Sumner beaches, resulted in a poor grading while wastewater discharge to the estuary continued, even if UV sterilisation were to be provided. The assessment identified opportunities to improve the grading of water within the estuary to potentially 'good' by removing the outfall from the sewage treatment plant, away from the estuary, combined with reducing sewer overflow events, which operate periodically during storm events. It is to be noted here that reducing such overflows is already included as part of the Council's planned long-term enhancements to the sewer reticulation system. Heathcote overflow remediation will be completed by the end of 2005 and Avon overflow remediation by the end of 2010.

The conclusion from both review panels, was that wastewater discharge should not continue to the estuary, as the preferred option. If the Council accepts these conclusions, an ocean outfall option needs to be pursued in an orderly way, as soon as reasonably practical to provide an outfall in a timely manner on terms acceptable to the Council.

LEGAL OPINION

The Legal opinion has been given as brief bullet points, and the significant items are listed below.

- The Environment Court will prefer an ocean outfall.
- There seems to be a good argument that there is no need for UV treatment for a temporary discharge to the estuary.
- It is uncertain whether an ocean outfall will require UV treatment.
- It is uncertain whether five years is sufficient time to get an ocean outfall in place.
- There is reasonable prospect of settling the appeal by getting agreement on the need or not for UV treatment and some more flexibility in the time allowed for a temporary consent.

18 Cont'd

COSTS

The cost implication of pursuing an ocean outfall was summarised at the 13 September seminar in the following table.

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	Total	
Approved 2002/03 Plan												
Consenting & investigations	0.3	0.3	0.2								0.8	
Pond modifications	1.6										1.6	
Estuary Outfall	0.7										0.7	
Green Edge				7.1	7.3						14.4	
UV Plant		8.0	8.0								16.0	
Totals (1)	2.6	8.3	8.2	7.1	7.3						33.5	
		← Stage 1 – 5 year estuary consent →					← Stage 2 – Ocean Pipeline →					
Possible 2003/04 Plan												
Consenting & investigations	0.4	0.4	0.4	0.4	0.4	0.2	0.2				2.4	
Pond modifications (ie stage 1 works)	2.0	2.2									4.2	
Ocean Pipeline (ie stage 2 works)								22.0	23.0		45.0	
UV Plant (possible)										6.4	6.4	
Green Edge (optional)				7.1	7.3						14.4	
Totals (2)	2.4	2.6	0.4	7.5	7.7	0.2	0.2	22.0	23.0	6.4	72.4	
Differences (1) – (2)	(0.2)	(5.7)	(7.8)	0.4	0.4	0.2	0.2	22.0	23.0	6.4	38.9	

Note: (1) The ocean pipeline scenario in the above table (ie Stage 1 five-year short term consent, then Stage 2 thirty-five-year ocean pipeline consent) includes a cost increase of \$38.9M. However this could finally be reduced by up to \$20.8M (if permitted by the consenting process) by the avoidance of the UV plant (\$6.4M) and by considering the Green Edge (\$14.4M) as another separate standalone project.

(2) All the above costs are estimates and for budgeting purposes only. Timing of these commitments is subject to confirmation.

The Director of Finance Reports

Although an ocean outfall has the potential to increase the capital costs to the Council by up to \$39 million this is spread over nine years and shifts some of the capital expense away from the next three years when the Councils budget is under pressure to 2009/10 and later. The following table shows the impact on currently forecast rate increases over the next 10 years:

	¾	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Currently forecast rate increases	3.89%	3.84%	4.37%	4.41%	5.54%	2.17%	2.46%	2.99%	2.66%
Amended rate increases	3.59%	3.37%	3.97%	4.53%	5.65%	2.24%	3.48%	4.77%	3.62%
Percentage change	-0.30%	-0.48%	-0.40%	0.12%	0.11%	0.07%	1.02%	1.77%	0.96%

These forecasts have been based on the assumption that the Council will borrow for these capital works which is our normal approach to additional major capital expenditure. Other innovative methods of financing major infrastructural expenditure will be worth exploring once more certainty exists on what form it is to take. In the meantime these are reasonable forecasts to use.

18 Cont'd

Comments have been made about the use of capital repaid from Orion being applied to this project. Apart from \$75 million which is invested in the Capital endowment fund all other capital returned from trading enterprises has been applied to the reduction of Council debt and this has left the Council with a very low level of debt at the current time. This low level of debt has however already been factored into Council's forecasts. The additional debt needed for this project is small compared to the debt and asset levels of the Council.

If the Council chose to use part of the Capital Endowment Fund to fund the project then it would result in less interest earnings to apply to economic development projects and civic and community projects. A significant amount of the interest from the fund has been committed to particular projects over the next few years and further analysis would be needed to ensure that these commitments are not prejudiced. None of the commitments extend as far out as 2009/10

CONCLUSIONS

Investigations to date have concluded that an ocean outfall pipeline of no less than 2km long would be the most appropriate outfall. It is not clear at this stage whether a UV disinfection plant would be required for this option. The public health review panel indicated this would not be evident until the oxidation pond re-configuration was complete in two years time. It is expected that the reconfiguration of the ponds will significantly reduce the number of any remaining pathogens within the wastewater, thereby limiting the need for further UV treatment. Proceeding with an ocean outfall will not necessarily preclude other forms of treatments in the future, such as recovery of nutrients, metals, and water.

If an ocean outfall option is pursued by the Council now, work needs to commence directly, to prepare an Assessment of Environmental Effects (AEE) starting with further ocean modelling, undertaking an ecological baseline study for the ocean, consulting with parties who have an interest in an ocean outfall and establishment of a public education and information programme. In conjunction with this, the conditions of the five consents that have been granted need to be negotiated to achieve a suitable outcome for the Council, bearing in mind the ocean outfall option.

Although there is budget provision for some of this work within the existing annual plan, there is now a significant shortfall for an ocean outfall and associated consenting work. The table above gives an overview of the approved budget for the work had the discharge consent been favourable to the Council, along with a proposed budget for an Ocean Outfall. This budget will require further work and formal submission to the Council for approval as part of the report to be presented in November. However, for the proposed immediate works it can be seen in the above table there is provision in this financial year for the works required to be implemented immediately, to be commissioned.

SUMMARY AND PROPOSED WAY FORWARD

This report backgrounds the granting by Environment Canterbury of a short term five year consent to continue discharging treated wastewater effluent into the estuary, and the need to proceed forthwith with another application for a long term (possibly 35 years) ocean pipeline discharge consent.

The proposed way forward is as follows:

- A more detailed report to the November 2002 Sustainable Transport and Utilities Committee meeting and to Council.
- Negotiate, and/or appeal the conditions later this year, or early next year with stakeholders, for the five year consent for the estuary discharge, and for the four other consents for related activities and discharges which have been granted by Environment Canterbury
- Prepare an Assessment of Environmental Effects, and apply for consent to start construction of an ocean pipeline to discharge wastewater for a period of 35 years during the 2004/2005 financial year.

Staff

- Recommendation:**
1. That the Council confirms that it will proceed with the option of consenting and construction of an ocean outfall pipeline for the Christchurch Wastewater Treatment Plant water discharge.

18 Cont'd

2. That legal appeals to the short term five year consent to discharge to the estuary be pursued so acceptable conditions can be obtained to allow continued discharge to the estuary until such time as an ocean outfall is constructed and operating.
3. That the Council proceed to prepare an Assessment of Environmental Effects as part of an application to the Environment Court to seek a discharge consent for wastewater to the ocean via a pipeline no less than 2km into the ocean. This includes commencing work immediately on an ecological base line study for an ocean outfall, and undertaking further ocean modelling.
4. That a report be presented to the November 2002 Sustainable Transport and Utilities Committee meeting detailing project timetable, costing, budget provisions and process to achieve an ocean outfall consent on terms suitable to the Council.

**Chairman's
Recommendation:**

1. That recommendations 1-4 above be adopted.
2. That the November report include discussion and options to continue the original strategy for long term investment and improving estuary and waste water quality (irrespective of the dilution advantages inherent in a direct to ocean outfall) including:
 - (a) Improving the quality of river water via better by performance of constructed sewer overflows
 - (b) Examining options to reduce sea lettuce growth especially the McCormacks Bay 'sea-lettuce trap' and seeding problems.
 - (c) Using natural systems to reduce nutrients in the waste water by application to land as part of a continued estuary green edge project over time.
 - (d) Research into and trialing new technology for waste water recycling

19. PUTRESCIBLE PROCESSING PLANT UPDATE

Officer responsible City Water & Waste Manager	Author Tony Moore, Resource Analyst, Solid Waste, DDI 941-6426
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The purpose of this report is to update the Sustainable Transport and Utilities Committee on the investigations into alternative waste technologies. In particular, to inform the Committee of progress with Global Renewables Limited (GRL) investigating a putrescible processing facility.

BACKGROUND

This report deals with matters arising from the Council resolution passed on 25 June 2002 relating to a putrescible processing plant:

1. *That the approach be to adopt a mix of technology best suited for the Council's needs and which can be integrated for the best overall solution towards the removal of putrescibles from the waste stream as discussed in the report.*
2. *That staff further investigate Global Renewables Ltd technology and other technologies to ascertain whether it (and in particular the organics processing module) is suitable for Christchurch and at what cost etc.*

The following progress has been made since the passing of this resolution.

GRL PROGRESS

1. Council officers have **met with GRL staff** in Sydney to gain a greater understanding of the GRL technology and to provide GRL with detailed information about the Christchurch context (infrastructure, waste stream, costs etc).
2. Council officers also **met with the local consenting authority** (Planning New South Wales) for a proposed GRL facility in Sydney and received extensive information about environmental performance and related consent conditions.
3. Through an agreed memorandum of understanding GRL are currently undertaking a **pre-feasibility study** which is to include:
 - (a) A review of the available materials suitable for processing by their technology.
 - (b) A workshop on integrating the GRL technology into the Christchurch context.
 - (c) A report describing the proposal and realistic capital and operational costs.

The GRL pre-feasibility study will be completed by the end of November 2002.

OTHER TECHNOLOGIES

Council officers have also been investigating other alternative waste technologies:

1. A **HotRot unit is being tested at Metro Place** for the processing of mixed putrescible and greenwaste material. The initial results are promising. After four days of composting in the HotRot unit the material is suitably stabilised and able to be matured in the open air windrows. Initial operational difficulties (such as, the ratio of putrescibles to greenwaste, suitable retention times in the unit and the optimal temperature and moisture levels) are being overcome and further refining the operation of the unit will continue.
2. **Vermiculture** (worm-farm) for putrescible material manufactured by Tryton Waste Services and in operation at Lismore City Council is being investigated. Council officers have spoken to Lismore Council staff and are in discussion with an independent consultant who is wanting to undertake a feasibility study. Initial discussions price this technology at around \$55 per tonne of putrescible material, but other factors such as flexibility and level of contamination able to be processed, need to be considered.

19 Cont'd

SUMMARY

The Council is continuing to investigate alternative waste technologies and Global Renewables Limited is undertaking a pre-feasibility study on the suitability of its putrescible processing facility to the Christchurch context. The pre-feasibility study is due for completion in November 2002. It is hoped that this study will lead to a clear way forward on this project.

Staff

Recommendation: That the City Water and Waste Unit report back to Sustainable Transport and Utilities Committee in early 2003 concerning progress on the Global Renewables feasibility study and a suggested way forward.

Chairman's

Recommendation: That the above recommendation be adopted.

20. **KITCHEN ORGANICS COLLECTION TRIAL**

Officer responsible City Water & Waste Manager	Author Tony Moore, Resource Analyst, Solid Waste, DDI 941-6426
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The purpose of this report is to describe the results of a recent kitchen organics collection trial and to provide recommendations concerning the establishment of a regular city-wide collection service.

HOW THE TRIAL WORKED

A kitchen organics collection trial was performed to investigate the feasibility of collecting domestic kitchen organics (food scraps) at the kerbside in Christchurch. The trial investigated the costs, operational issues and the community acceptance and participation of the system. Domestic kitchen organics were collected at the kerbside over an eight week period (May to July 2002), from two socio-economically different areas in Christchurch (Fendalton and Burnside). Collection was weekly, on the same day as the refuse and recycling collection. Involvement in the trial was voluntary and each household received all the information and materials required for the trial. Each household received two buckets. One 4 litre bucket (kitchen bucket) was to place the kitchen organics directly into and could be kept in the kitchen under or on the kitchen bench. The other 20 litre bucket (kerbside bucket) was to store the kitchen organics throughout the week and was to be placed at the kerbside by residents for emptying on the collection day. Half the households in each area received biodegradable bags to line their kerbside bucket and half the households received EM Bokashi to help control odour. A full copy of the report is available on the council website: www.ccc.govt.nz/waste/.

THE OVERALL RESULTS

The kerbside collection of kitchen organics was a resounding success. Those involved were overwhelmingly supportive of the service and were both willing to continue to use it, in its current form and were willing to pay for the service in the rates. Nearly all the households involved used the service on a regular basis and most noticed a reduction in the other waste that they produced. The organic material collected was generally odourless, was relatively dry and free of contaminants. The biodegradable bags used, kept the kitchen organics well contained and kept the buckets clean throughout the trial. EM Bokashi minimised odours and the materials collected composted well in an open-air windrow system.

Presented below, are the key results of the research:

KEY RESULTS:

- 23% of households approached, volunteered to take part in the kitchen organics trial.
- 8% of people involved, considered the service to be good or very good and 96% said they would continue using the service if it were provided.
- The Council collected 12 tonnes over the 8 week trial from around 320 households (average 5 kilograms per household per week). This result means that on average each household in Christchurch generates 208 kilograms of kitchen organics a year and city-wide equates to around 26,000 tonnes of kitchen organics.

20 Cont'd

- Overall participation was good 60% of households set out their kitchen organics for collection on each of the 8 weeks and 97% of households did so on more than 4 occasions.
- 88% of households noticed a reduction in the waste going to landfill, with 27% noticing a large or very large reduction in waste.
- Households with insinkerators were still interested in separating their kitchen organics for collection, but those that composted at home were less willing to participate in the trial.
- Overall the smell and contamination remained low throughout the trial.
- EM Bokashi was effective at reducing the smell and absorbing the moisture in the buckets.
- The biodegradable bags used were strong, remained intact and kept the buckets clean and the kitchen organics well bundled.
- The buckets were not interfered with by animals even when adjacent to refuse bags that were attacked by animals.
- The 4 litre kitchen bucket and the 20 litre kerbside bucket were suitable size for most households.
- The kitchen organics and the biodegradable bags broke down (almost completely) after one week in an open-air windrow composting system.

COST OF A CITY-WIDE SERVICE

The cost of offering a similar service (on a voluntary basis to those that want it) city-wide is estimated at around \$1.5 million or \$140 per tonne (based on 24% of households becoming involved and placing out 5 kilograms of kitchen organics per week for collection. This cost also includes processing costs of \$60 per tonne). Note that these costs would increase as more households become involved in the service. Such costs place this service in the order of the kerbside recycling service (\$160 per tonne, excluding processing costs). However, the costs also need to be weighed up against the economic and environmental benefits that such a service will provide. The benefits of diverting this material chiefly relate to the future avoided landfill costs (approximately \$95 per tonne), the reduction in costs associated with treating leachate and landfill gas, and the beneficial use of the material as a compost product. Taking these 'savings' into account, the relative ease of the collection operation and the overwhelming public support from those involved (albeit on a voluntary, wanted to participate basis), gives confidence in the viability of such a service in Christchurch.

CONCLUSIONS

- Overall, the collection system used was a success, with good participation and was highly regarded by those involved. The City Council should **instigate a kitchen organics collection** system in Christchurch as soon as budgets and processing technologies allow. Further thought will be given to the nature and roll-out of this service on a city-wide basis, including formulating detailed cost estimates for Council consideration.
- The kitchen organics should be used as a **feedstock for the new putrescible processing facility**.
- A future service would require some form of **bucket lining** (eg biodegradable bag or newspaper) for the service to be acceptable and hygienic.
- Retailers and supermarkets will be encouraged to move towards **biodegradable carry bags** issued at the point of sale, so these bags can be used to line the kitchen or kerbside buckets in a future collection service and to minimise the amount of plastics being sent to landfill.
- Consideration will be given to providing a similar **collection service to businesses** for example, small cafes or outlets where kitchen organics are typically disposed of to landfill or enter the wastewater system. This will be done in consultation with pig farmers who also provide another avenue for this material.
- The **container design needs further consideration**:
 - (a) The kitchen container should have a detachable flip-top lid to make it easier to place food scraps into it;
 - (b) The kerbside container needs to be wide and squat, it should have an attached flip-top lid and the container needs to be a distinctive colour to stand out from the other kerbside collection containers.

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SUMMARY

Domestic kitchen organics (food scraps) collection is feasible in Christchurch. Those involved in the trial were overwhelmingly supportive of the service and were both willing to continue to use it and were willing to pay for the service in the rates. Such a service could potentially divert 26,000 tonnes per year of domestic organic matter from the landfill. The cost of an initial service would be around \$140 per tonne (\$1.5 million per year) to collect and process the material. Although these costs will increase as more households become involved in the service. A future kitchen organic collection service should be provided in Christchurch to collect material that can be fed into the new putrescible processing plant. Further thought will be given to the nature and roll-out of this service on a city-wide basis, including formulating detailed cost estimates for Council consideration.

Staff

Recommendation: That the Council develops a plan for moving toward a City-wide collection service for kitchen organics and that the introduction of this service should be aligned with the completion of the new putrescible processing facility.

Chairman's

Recommendation: That the above recommendation be adopted.

21. **RECOVERED MATERIALS FOUNDATION CONTRACT**

Officer responsible City Water and Waste Manager	Author Mike Stockwell, City Water and Waste Manager, DDI 941-8332
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The purpose of this report is to seek approval to negotiate final details of the Christchurch City Council/Recovered Materials Foundation Contract and delegate finalisation and contract signing to the City Water and Waste Manager in liaison with the Legal Services Manager.

BACKGROUND

The City Council has a contract with the Recovered Materials Foundation (RMF) to provide various services to the Christchurch City Council. The contract has been in place since 1 July 1997 and expired on 30 June 2002. Since that time it was rolled over pending the preparation of new contract documents. These new documents are appended in latest draft as attachment 1.

A previous special meeting of the Sustainable Transport and Utilities Committee on 9 August 2002 considered an earlier (since modified) draft of the contract when it was resolved as follows:

1. *The Council confirm its policy to retain ownership of recyclables collected on its behalf, for the purpose of optimising recycling opportunities.*
2. *For the purposes of Section 247E of the Local Government Act, the Council establish as a policy, its current practice not to tender the contract for the processing of recyclables collected on its behalf and for associated research and development and instead continue to contract with the Recovered Materials Foundation for these purposes. The policy rationale for this is the six principles set out in the proposed contract between the Council and the RMF.*
3. *The Council adopt the proposed contract with the RMF subject to the financial details and schedules to be inserted therein being negotiated between the respective staff of the Council and the RMF for approval by the Council via the September meetings of the Sustainable Transport and Utilities Committee and the Council.*
4. *The recommendations 1-3, above lie on the table until the September meeting of the Sustainable Transport and Utilities Committee to allow for a more detailed investigation by staff and reporting back at that meeting.*

This report is an update in terms of the above resolution.

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VALUE OF CONTRACT

Since the special Sustainable Transport and Utilities Committee meeting on 9 August 2002 the Recovered Materials Foundation budget has been restructured under the Recovered Materials Foundation's three main activities of Materials Processing, Development and Technology Projects and other Services (eg Supershed, waste exchange, BDF Management).

In addition the funding arrangement by the Council to the Recovered Materials Foundation has been **radically** renegotiated to make the Recovered Materials Foundation almost self-sufficient of Council operational funding. Any Research and Development Project funding will be agreed between the parties as described below. Significant improvements to the funding arrangements are as follows:

- (a) A revenue stream back to the Council from the Recovered Materials Foundation of 10% of the gross sales revenue from the Recovered Materials Foundation materials processing operations (operations revenue budget \$2.400M for 2002/03). This will yield around \$0.240M per year to the Council and will increase over time as the recyclables quantity increases.
- (b) An immediate reduction starting on 1 July 2003 (ie for the 2003/04 year and onwards) of Council committed funding down from around \$0.850M in 2002/03 to \$0.300M per year. This is for the Development and Technology Project part of the business (\$0.200M) and the Waste Exchange (\$0.100M).
- (c) Linked to (b) the Recovered Materials Foundation will be able to present various development and technology projects to the Council, each supported by a business plan for further Council funding on annual case by case basis. Each grant (or loan as the case may be) will generate a triple bottom line return for the Council. It should be noted here that the Recovered Materials Foundation has developed a five-year plan and indicative budget for such projects.
- (d) A likely cost neutral Supershed operation supported entirely by its own business operations at zero cost to the Council.

The net effect of these changes is ongoing guaranteed funding of around \$0.060M/year (ie 0.300 – 0.240) from the Council plus any agreed additional Research and Development project funding.

BUDGET SCRUTINY AND AUDIT COMMITTEE

The above enhancements to the Recovered Materials Foundation operations and budget have been ongoing over the past few weeks since the new CEO, Mr Richard Lloyd, was appointed. They have been presented to a large extent to a combined seminar of Sustainable Transport and Utilities Committee and Budget Scrutiny and Audit Committee on 3 September 2002.

SUMMARY

The draft renegotiated Christchurch City Council/Recovered Materials Foundation Contract (Attachment 1) incorporates significant enhancements over the existing contract. A base level of development and technology projects funding and Waste Exchange funding would be ongoing, but this would be offset by a revenue back to Council of 10% of the gross sales revenue from the recyclable materials. Thus the net cost to Council would be around \$0.060M/year ie it makes the Recovered Materials Foundation almost independent of ongoing committed Council operational funding starting in 2003/04. Any further Council funding (ie above \$0.060M) to the Recovered Materials Foundation beyond the current 2002/03 year will need to be approved on an agreed business case basis for Development and Technology projects including consideration of a triple bottom line return to the Council.

Staff

- Recommendation:**
- 1. That the Council confirm its policy to retain ownership of recyclables collected on its behalf, for the purpose of optimising recycling opportunities.

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2. That for the purposes of Section 247E of the Local Government Act, the Council establish as a policy, its current practice not to tender the contract for the processing of recyclables collected on its behalf and for associated research and development and instead continue to contract with the Recovered Materials Foundation for these purposes. The policy rationale for this is the six principles set out in the proposed contract between the Council and the RMF.
3. That this Council approve the attached CCC/RMF draft contract in principle and delegate finalisation and contract signing to the City Water and Waste Manager in liaison with the Legal Services Manager.

**Chairman's
Recommendation:**

That the above recommendation be adopted.

22. DIRECT ENTRY TO BURWOOD FOR LARGE REFUSE LOADS

Officer responsible City Water and Waste Manager	Author Mike Stockwell, Solid Waste Manager DDI 941-8332 Simon Collin, Solid Waste Manager DDI 941-8380
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The purpose of this report is to seek approval for a change in the criteria under which refuse may be taken direct to Burwood, rather than through the refuse stations and then to Burwood.

Note: All costs in this report exclude GST unless noted otherwise.

BACKGROUND

The management plan under which the landfill at Burwood operates specifies that the public shall not have direct entry to the landfill to dispose of refuse. The majority of the refuse therefore comes in large purpose built trucks carting from the refuse stations to the landfill. The purpose of the restriction is to:

- (a) Minimise traffic on the roads leading to Burwood,
- (b) Allow better management of the landfill, for example through:
 - Controlled tipping at a smaller tip face,
 - Elimination of scavenging,
 - Improved site safety,

The management plan, however, does allow direct entry of special loads by approved contractors. In practice this has meant that loads containing difficult to handle materials (eg particularly dusty or high moisture content), offensive or particularly odorous material, treated hazardous wastes and the like have been allowed direct entry to Burwood.

Approaches have been made from time to time by some of the large waste companies to have these rules modified, but to date these requests have been declined.

Councillors will be aware that the general tipping fee has been steadily increasing, and particularly over the last two years as the Council adjusts its tipping fee structures in preparation for the requirements of a new regional landfill (Kate Valley).

With the latest increase in August 2002 from \$65.11 to \$77.78 (and the proposed increase in 2003 to approximately \$84.00 per tonne) it has been made clear by some of the waste companies that it is now economic for them to seriously consider carting the waste they collect to a landfill other than Burwood, in some case landfills well out of the region.

With the very real possibility of this happening, thereby cutting the revenue stream derived from the waste, it has been considered prudent to re-examine the conditions under which refuse is allowed direct entry to Burwood and link this to a reduction in charges to those permitted to do so.

FINANCIAL IMPLICATIONS OF LOSS OF WASTE TONNAGE

It is expected that the quantity of waste that could potentially be diverted from Burwood would be a minimum of 15,000 tonnes and up to at least 41,000 tonnes, possibly more. While there would be some direct savings from reduced costs at both the refuse stations and Burwood, the net loss would be considerable as shown in the table below.

Table A: Effect of tonnage diverted from Burwood

Waste Quantity	15,000 tonne	26,000 tonne	41,000 tonne
Reduction in Funds 2002/03	\$1,047,450	\$1,725,580	\$2,683,030
Reduction in Funds 2003/04	\$1,147,950	\$1,899,780	\$2,957,730

- Note:**
1. Refer to attachment 1 for basis of this table.
 2. The waste tonnages have been advised by the two biggest waste companies likely to direct input to Burwood.

22 Cont'd

Loss of such considerable sums would clearly have a very significant effect on rates over the next two years, or some Council services would have to be cut to accommodate the loss.

This situation will not continue after Kate Valley opens, as the MOU requires that all residual waste carted by the partners to the agreement goes to Kate Valley (although it will not necessarily have to go through a Christchurch City Council transfer station).

PROPOSED DIRECT ENTRY RESTRICTIONS

It is proposed that waste operators that can bring in loads of a minimum payload of 20 tonnes (on a truck and trailer) be allowed direct entry to Burwood. Three operational benefits would result from this proposal:

1. The number of traffic movements to Burwood would **decrease**. The current purpose built transport units that cart waste from the refuse stations to Burwood are 'old technology' and can only carry a 14 tonne payload. Typically it takes six loads to shift 100 tonne using these units, whereas the proposed 20 tonnes or bigger payload would mean five or possibly four loads would cart 100 tonne and a reduction of up to 1,400 movements into and out of Burwood per year is likely. This would reduce total vehicle movements from around 103,000 down to 101,600.
2. Considerably less refuse would be processed at Parkhouse Refuse Station. In recent years this station has been very heavily loaded and the reduction in tonnage would be welcome.
3. The life of the existing truck and trailer units would be extended resulting in a lowering of the risk that they would not last until the commissioning of Kate Valley.

CONSENT, MANAGEMENT PLAN AND CITY PLAN CONSIDERATION

Both the Waimairi and City Plan are operative and contain clauses referring to Burwood. Two consents also need to be considered. The current consent and a new consent granted May 2002 which is under appeal (and thus not yet operative in legal terms). Both these consents refer to Landfill Management plans which contain identical provisions regarding direct access to Burwood.

In summary the important issues from all these texts are:

- Limited number of refuse contractors vehicles (note that no precise number is specified),
- Approved vehicles,
- Vehicles carrying compacted refuse,
- A limited number of Council approved refuse contractors vehicles.

It is therefore apparent that the Council could permit a limited number of approved contractors vehicles into Burwood under conditions that meet these requirements.

FINANCIAL CONSIDERATIONS

If direct entry to Burwood is permitted as proposed, direct savings are made through lowered operating costs in transport and at the refuse stations. The savings per tonne increase as tonnage increases to the point where another transport unit can be 'retired'. Within the expected range of tonnage direct to Burwood under this proposal, the savings vary between \$6.90 per tonne and \$11.19 per tonne. This saving can be passed directly to the operators permitted direct entry.

However, discussions with the major waste companies involved have been held and it is clear that a reduction of \$20 per tonne will be necessary to avoid them making use of their 'out of district opportunity'. If this was to be offered there would be a net reduction in revenue as follows:

Table B: Effect of Proposed Direct Entry to Burwood

Waste Quantity	15,000 tonne	26,000 tonne	41,000 tonne
Reduction in Funds 2002/03	\$283,167	\$400,822	\$593,989
Reduction in Funds 2003/04	\$383,100	\$574,040	\$867,140

22 Cont'd

- Note:**
1. Refer to attachment 2 for basis of this table.
 2. The waste tonnages have been advised by the two biggest waste companies likely to direct input to Burwood.

While these are still significant sums they are less than the revenue reductions in Table A. If this direct entry proposal is accepted, as recommended, a considerable measure of certainty on the amount of revenue loss is also gained. This is considered vital in terms of budgetary planning and minimising the risk of even greater losses by not striking an agreement with the large waste companies.

DIRECTOR OF FINANCE REPORTS

It is clearly preferable for the Council to cope with the reduction in revenue proposed in Table B of this report, rather than risk the loss of revenue shown in Table A and the I support the initiative proposed.

The reduction in revenue which will affect the current (2002/03) year will need to be taken into account at the time of the six monthly review and be a first call on any surpluses which are assessed in that review. If there are not sufficient surpluses, then other budget adjustments will have to be made at that time. I would be hopeful that a compensating adjustment will be available.

The impact on the 2003/04 budget will be an increase of between 0.3% and 0.6% on the already forecast rate increase of 3.89% unless other savings can be identified during the budget preparation process. If the rates rise by this amount in 2003/04 it will have a compensating reduction on the forecast percentage rate increase for 2004/05 which would drop from a forecast 3.84% by 0.3 to 0.6%.

AGREEMENT TO COMMIT WASTE TO BURWOOD

In exchange for allowing a waste company direct access to Burwood and to give certainty to the Council relating to future likely revenue take, it will be required for any participating company to commit input of all of its waste tonnage either into Burwood by direct entry or into a Christchurch City Council refuse station until the time that Kate Valley opens.

LEGAL OPINION

A legal opinion concerning this direct entry proposal has been obtained from Mr John Buchan of Buddle Findlay and he sees no difficulties with the proposal in this report, provided, it is available to all waste collection companies on the same basis.

SUMMARY

Along with the waste tipping charges being progressively ramped up over three years (ie 2001/02, 2002/03, 2003/04) towards the per tonnage rate that will be necessary to operate Kate Valley, the opportunity has become attractive for waste companies to cart their waste across border, and potentially out of the region (for example to Dunedin). If this were to occur a very considerable reduction in revenue could be expected (Table A). The effect of this can be very much lessened (Table B) by allowing direct entry of general waste to Burwood at a reduced charge and under a condition of a minimum load of 20 tonne. Such a criteria would reduce the daily traffic movements into Burwood below current levels which is of benefit to the local community.

Staff

- Recommend:**
1. That waste operators be allowed direct access to Burwood during the working week plus Saturday mornings for \$57.78 (GST excl) in approved vehicles with a minimum load restriction of 20 tonne per load.
 2. That the Solid Waste Manager finalise the details of this agreement with waste companies who wish to participate in liaison with the Legal Services Manager and along the lines contained in this report.

Chairman's

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

23. SOLID WASTE BUDGET – DEDICATED FUND FOR WASTE MINIMISATION

Officer responsible Director of Finance	Author Bob Lineham, DDI 941-8411
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The purpose of this report is to respond to a Council resolution seeking advice on the implications for the Council's budget of the formation of a dedicated fund for waste minimisation activities.

This report has been reviewed by and is supported by the Corporate Team. The report is also being considered by the Strategy and Finance Committee.

BACKGROUND

On 16 July 2002 the Council resolved:

1. *That the Council change to the 'waster pay's' system for rubbish bags, with effect from 2004/05, on the following basis:*
 - (a) *Comprehensive public consultation and information supported by a budget of \$200,000 in 2003/04.*
 - (b) *Integration with the Solid Waste Strategy in the statutory Waste Management Plan to be revised this year, to show how the waster pays system forms part of the action plans to be incorporated in the strategy.*
2. *That the Council agree in principle to a more transparent system for solid waste accounting based on:*
 - (a) *All waste minimisation operations being provided for from waste levies (incentive and disincentive charges), not rates, via a dedicated fund incorporating both the levies and the Transwaste dividend.*
 - (b) *Household collections of recyclables paid from rates.*
 - (c) *Refuse collection and disposal paid from the waster pays revenue.*
3. *That the adoption of the principles set out in Clause 2 be subject to consideration of a staff report on the implications for the Council's budget and implementation issues.*
4. *That, to eliminate the personal dumping of unwanted household rubbish and taking into account social issues, a line item be provided in the budget for the supply of rubbish bags and/or stickers to address cases of hardship.*
5. *That the Council devise a process for the distribution of rubbish bags and/or stickers.*
6. *That recycling systems be investigated and set up for those living in apartment blocks.*

This report addresses the first part of item (3) of this resolution ie the budget implications of the proposal in clause 2(a) and 2(b).

The apparent intent of the Council resolution was to:

- Provide a certain income stream for waste minimisation which was not dependent on rates and subject to potential cutbacks when rate rises are under pressure.
- Provide transparency that waste minimisation levies are being applied to waste minimisation activities.
- Enable clear identification of the application of waste minimisation levies to that purpose

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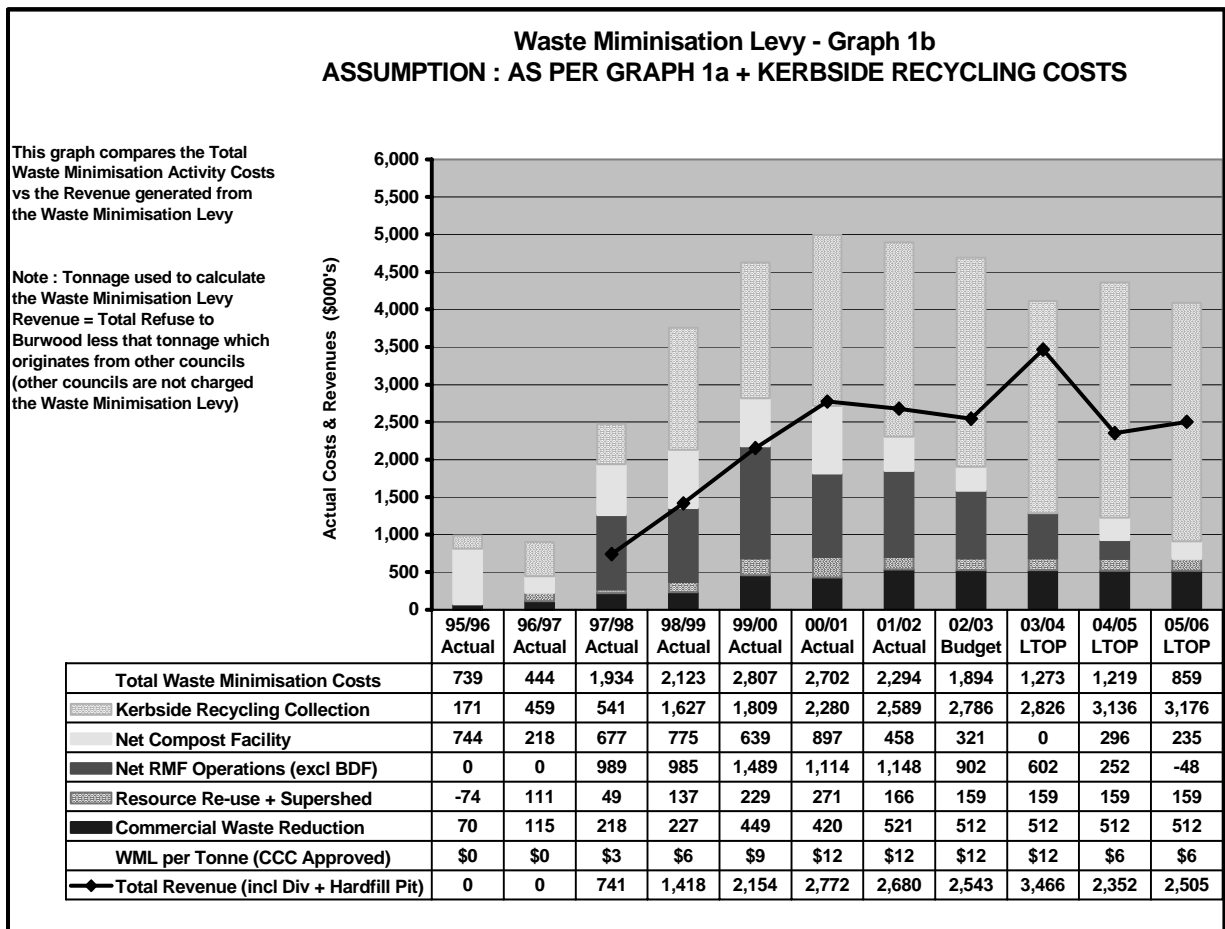
As can be seen, clauses 2 and 3 of the resolution above were passed in the context of a budget decision to implement a waster pays charging system for the black bag collection. The Waste Minimisation Fund proposal was intended by those who proposed it to be implemented in conjunction with the introduction of charging for black bags so that the savings made from black bags could help to fund the Waste Minimisation initiative as part of an overall package. However, in the 2002/03 budget forecasts the black bag charging was factored in but the Waste Minimisation Fund proposals were not as they were only approvals in principle and awaited confirmation by Council after this report. Waste Minimisation costs are currently funded from a combination of rates and a waste minimisation levy which is charged as part of the per tonne charge for waste through the transfer stations. Waste minimisation costs currently include:

- Kerbside recycling,
- Composting,
- Net cost of RMF*,
- Resource re-use and Supershed,
- Commercial waste minimisation.

(*Note: RMF also receive a Business Development Levy of \$2 per tonne on all waste. This is administered separately by RMF and not included in this report. It currently produces about \$480,000 per annum.)

Waste minimisation levies are based on \$12 a tonne charged as part of the refuse charges. This amount is forecast to reduce to \$6 per tonne from 2004/05 in the Council's current long-term forecasts, although it is under consideration whether the \$12 per tonne could continue.

The following graph shows the history and forecasts of the waste minimisation expenditure and waste minimisation levies. This also includes the forecast dividends from Transwaste.



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THE PROPOSAL OUTLINE

In addition to the proposed charging for black bags which will reduce the level of the rates, it is proposed that kerbside recycling costs are separated out and funded direct from rates and that all other waste minimisation initiatives be funded from a dedicated fund which is not sourced from rates but from dividends and levies. This is intended to be treated as a dedicated fund so that it can be illustrated that waste levies are being applied to waste minimisation projects and to insulate a funding source for waste minimisation from the pressures of the greater Council budget process.

Currently dividends from Transwaste are treated in the budget as corporate revenues (in the same way as all other dividends). The first dividends are forecast on the long term plan to be received in 2004/05 and they have been budgeted relatively conservatively because the company has not yet commenced operations and it would be unwise to be optimistic on the result until there is more certainty. It does however, leave the possibility of a growing revenue source for the 'waste minimisation fund' if it is established and a reduced source of unbudgeted additional income to reduce rates.

The Council is borrowing \$7.57 million to fund its investment in Transwaste and the cost of servicing this debt is currently being charged against Council general revenues. If the dividends from Transwaste are earmarked for a dedicated waste minimisation fund then it is appropriate that the fund meet the debt servicing charges. These currently exceed the forecast dividends from Transwaste.

The Council has agreed to a new levy being placed on hardfill dumping in private landfills from 2003/04. This is estimated to bring in \$1 million of revenue from 2003/04.

In the graph in the previous section of this report the line represents the income from the existing waste minimisation levies plus Transwaste dividends and the proposed hard fill levies. The top section of each bar represents kerbside recycling so the graph illustrates that if kerbside recycling were transferred to rates funding and the fund was established there is significant flexibility for the funding of additional waste minimisation activities from the revenue currently forecast to be generated.

IMPACT ON RATES

The following table sets out the currently forecast expenditure and funding sources assuming that the black bag collection was still being funded from rates (base case):

Table A: Current Expenditure and Funding

	2002/03	2003/04	2004/05	2005/06
	\$000	\$000	\$000	\$000
Net Cost of black bag collection	5,401	5,501	5,671	5,671
Kerbside recycling collection costs	2,786	2,826	3,136	3,176
Other Current waste minimisation costs	1,894	1,273	1,219	859
Total costs	10,081	9,600	10,026	9,666
Funded by:				
▪ Waste Minimisation Levies	2,542	2,466	1,172	1,140
▪ Projected hardfill levy	0	1,000	1,000	1,000
▪ General Funds (primarily rates)	7,539	6,134	7,854	7,526
Total Funding	10,081	9,600	10,026	9,666

If the principles of the Council resolution are all confirmed, the black bag collection would be funded by user pays and kerbside recycling costs would no longer be partially funded from waste minimisation levies but from rates. In addition dividends from Transwaste would no longer be available to reduce rates. The following table shows the changed funding arrangements which would result in applying the new principles of the resolution:

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Table B: Impact of all New Funding Arrangements

	2004/05	2005/06
Funding Required as above	10,026	9,666
Extra Funding for waste minimisation	953	1,281
Less specific charges:		
• Bag Charges	4,566	4,566
• Waste Minimisation Levies	1,172	1,140
• Projected hardfill levy	1,000	1,000
Required from rates	4,241	4,241
Change in rate funding from combination of black bag charging and Waste Minimisation Fund		
	-3,613	-3,285

In Table B the reduced rate funding takes account of the revenue from black bags charges. It needs to be noted that these have already been factored into the long-term budget projections since that was a final Council decision whereas the changes to Waste Minimisation funding have not yet been factored into the long-term forecasts since they were a decision in principle only.

The following table shows the impact on rates against the current budget forecasts which result from the Waste Minimisation proposals alone:

Table C: Impact of Proposal on Rates

	2004/05	2005/06
	\$000	\$000
Kerbside recycling collection costs	3,136	3,176
Less currently funded from rates	2,183	1,895
Additional cost of recycling collection from rates	953	1,281
Budgeted Transwaste dividends diverted from rates to fund	180	365
Debt servicing charges transferred from rates to fund	-720	--720
Total additional cost on rates	413	926

Assuming that the Waste Minimisation proposals are introduced to coincide with black bag charging there will be additional costs above the current forecasts of \$413,000 in 2004/05 and \$926,000 in subsequent years. Without taking dividends and debt servicing into account the costs will be \$953,000 and \$1,281,000 respectively.

While the structure would increase the level of rates, there would be surplus funds available for new waste minimisation initiatives, as illustrated in the following table:

Table D: Waste Minimisation Activity Surplus

	2004/05	2005/06
	\$000	\$000
Waste Minimisation Levy (excluding the Business development levy forwarded directly to RMF)	1,172	1,140
Proposed new hardfill levy	1,000	1,000
Transwaste Dividends*	180	365
Debt servicing on share acquisition	-720	-720
Total Funds Available	1,632	1,785
Less currently budgeted expenditure	-1,219	-859
Available for new Waste Minimisation initiatives	413	926

*Note: Transwaste dividends could be conservatively assessed at this stage.

23 Cont'd

DISCUSSION OF ISSUES

The Council currently has a policy of seeking to reduce the level of rating by \$10 million by 2005/06. The complete package of black bag charging together with the Waste Minimisation Fund proposals produces an overall reduction in rates of \$3.61 million in 2004/05 and \$3.28 million in subsequent years. However, the black bag charging has already been factored into the budget and the incremental effect of the other proposals in resolution 2 have the potential to increase the rates by \$926,000 - \$1,281,000 (0.6% to 0.8%). The extra cost on rates enables this increase to be applied to new initiatives which are not currently in the budget forecasts. No doubt there are many worthwhile waste minimisation projects to which these funds could be applied but it appears to be contradictory for the Council to be seeking to expand and contract in the same time frame especially since the driver for the need to make savings is the additional costs being caused by the need for new solid waste disposal facilities.

There is a legal framework in the Local Government Act which requires that waste minimisation levies must be applied for the purposes of waste minimisation and therefore the Council must be able to illustrate that the funds raised by way of levy is applied properly. The Legal Services Manager advises that the Council has the legal power to meet the cost of the kerbside recycling from either rates, waste minimisation levies or a combination of both.

The Council policy enunciated in its July 2002 resolution, transfers the cost of kerbside recycling to rates funding. This is a policy issue and within the powers of the Council. As noted in the advice from the Legal Services Manager above it is also quite legitimate to treat kerbside recycling cost as waste minimisation. It is, after all, part of the chain of waste minimisation through recycling. It is also quite reasonable to fund the cost of kerbside recycling from these levies. This would more than soak up the projected surplus revenue from waste levies and save any further increase in the rates over and above that already forecast. It is in effect the way the budget is currently structured.

If the prime concern is accountability of the way that Waste Minimisation levies are spent the budget format can be easily structured to illustrate that all levies are being applied to legitimate waste minimisation purposes without the establishment of a fund. This is especially so if these projects exceed the amount of levies collected as is currently the case with household recycling collection treated as a waste minimisation project.

Until this time it has been consistent Council policy that dividends received from the Council's various trading companies should be treated as general revenues of the Council and as a consequence go to the reduction of general rates. The capital committed to ownership rights in the companies has been treated as an investment of the general capital of the Council. This is a sound policy stance.

An alternative argument can be mounted that the profits of Transwaste (which enable dividends to be paid) arise from the charges it makes which ultimately are paid by the waste generators either directly or through the solid waste budget. It could perhaps be contended that these charges are higher than if Council was the sole owner of the landfill facility because the involvement of commercial partners demands the need to a make commercial level of profits. Return of the dividends to the solid waste budget would net out the Council's share of those profits. This argument is however flawed because it mixes up the investment and operating expenditure aspects of the Council's finances and does not recognise that the ratepayers as a whole made the investment in Transwaste. It also does not recognise the contribution which will be made to the Transwaste profits by those who will pay directly for their waste disposal through the black bag and commercial charges which are proposed. In addition it should be noted that the investment in Transwaste is an investment in the landfill aspect of solid waste rather than waste minimisation which is a separate initiative of the Council.

It is understood that consideration could be given in the future to a domestic putrescible collection. The estimated cost of this, which is not already provided in the budget forecasts, is approximately \$1 million. Since this would involve a household collection it raises the question of whether this should be funded from rates as proposed for kerbside recycling or from the 'surplus' waste minimisation funds. An inconsistency could arise whichever method of funding was chosen.

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The Council has avoided, as far as possible, the separation of revenue streams in separate accounts and this has provided flexibility in its financial structure. There are only two exceptions being the Housing Account and the Dog Control Account. The first is a result of a longstanding desire to be able to prove that no rate funding is applied to this activity. The Housing Account is based on an historic precedent and is not necessarily in the best interest of efficient Council funding. The Dog Control Account is required by statute although it also requires input of rates funding and in spite of this has for many years been struggling to recover a deficit because of a reluctance to push up dog licensing fees abruptly to overcome previous bad years. Separate accounts often lead to an inefficient use of funds through 'jam-jar accounting' and should be avoided except in exceptional circumstances.

It is an important principle that the Council should regularly review the relative importance of all outputs in relation to one another. The establishment of a separate fund should not preclude this practice. The fact that an activity has a non rate funding stream should not exempt it from such reviews but there will likely be a temptation to do so in the pressure of dealing with the volume of annual plan reviews. While special waste minimisation levies must be applied to that purpose the levies can nevertheless be reviewed in the interest of those who are required to pay them. In respect of non levy income, such as dividends, consideration needs to be given as to whether that income can more effectively be applied for another purpose. It is far more straightforward for the Council to be diligent in reviewing its priorities and expenditure levels if they are not separated into separate funds.

OTHER POTENTIAL CHANGES

The Budget Scrutiny process has identified the potential to reduce the cost of the Commercial Waste Minimisation Team by \$200,000 per annum. Under the present funding regime this would be a direct saving in rates. Under the dedicated separate funding of Waste Minimisation these savings would be available for other Waste minimisation initiatives with no reduction on rates.

The waste management levies are currently budgeted to reduce from \$12/tonne to \$6/tonne from 2004/05. However, under consideration is the possibility that the waste minimisation levy could remain at \$12 per tonne. This would provide an extra \$1.1 million of revenue per year from 2004/05. Under the current regime this could be used to fund the additional cost of kerbside recycling collections and thus reduce the rates. Under the dedicated fund scenario it would be available to add to the funds available for new waste minimisation initiatives shown in Table D above.

At the time the annual plan was prepared it was noted that due to the introduction of charging for black bags, provision would need to be made for funding rubbish bags in hardship cases and also for resources for additional litter and illegal dumping costs. These costs have been estimated to be \$40,000 and \$80,000 each respectively. These costs will need to be factored into forecasts in the next budget round and have not been included in the analysis used in this report as they are regarded as separate from the issue of a dedicated fund.

HOW WOULD A DEDICATED FUND WORK?

While this report points out the implications of a dedicated fund, it is recognised that the Council resolution has expressed a preference for this to happen subject to an evaluation of the implications for the Council's budget. If the Council decides to confirm its decision in principle, then a dedicated fund would be operated as follows:

- A Waste Minimisation output would be established and revenues would be credited direct to this output. Expenditure on waste minimisation would be charged against the output. If at the end of the year there remained a surplus it would be transferred to a Waste Minimisation Development Fund and this fund (if in credit) would be the first call to fund any shortfall in subsequent years or to fund additional waste minimization projects. However, all projects funded should still be based on budgets approved as part of the annual plan or variations of the annual plan according to established Council procedures. If there is a shortfall in a year when there is no balance in the development fund then it should be operated in deficit (funded temporarily from general funds), which would need to be repaid from the development fund as a first call on that fund. This is comparable to the way in which the Council Housing fund is operated.

CONCLUSIONS

There will be a significant adverse impact on the level of rating in the next few years if the proposal outlined in Clause 2 of the Council resolution of 16 July 2002 is proceeded with.

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It is inappropriate for dividends from Transwaste to be earmarked specifically as revenue for a separate Waste Minimisation Fund. If however, the Council resolves to do that, then it should also expense the debt servicing costs related to funding the equity in Transwaste against the fund.

It is not appropriate in the ordinary course of financial management to insulate one particular activity from budget review and priority setting.

If the Council chooses to establish a separate Waste Minimisation Fund it should do so from 2004/05 to coincide with the introduction of black bag charging.

OPTIONS

For the reasons outlined in this report it is not recommended that a separate dedicated Waste Minimisation Fund be set up. However, it is recognised that the Council has expressed an intention in principle to establish a separate Waste Minimisation Fund (subject to an evaluation of the implications on the budget) and it is therefore necessary for the Council to now make the decision following consideration of the facts and implications set out in this report. The Council does have two principal options open to it and these are summarised below:

1. Establish a separate Waste Minimisation Fund on the basis outlined above. Household recycling costs funded from rates and dividends and debt servicing remaining in the general accounts. This will have the consequence of increasing the rate requirement above that forecast in the Council's long-term financial forecasts by \$953,000 in 2004/05 and rising to \$1,281,000 in 2005/06 and beyond. In percentage terms this amounts to 0.6% to 0.8% increase in rates. The fund would have uncommitted amounts available for waste minimisation projects which are equivalent to what is added to rates.
2. Remain with the status quo and fund the household recycling collection from a combination of waste minimisation levies and rates. There would be no unbudgeted funds for waste minimisation projects. Any new initiatives would have to be bid for through the budget process.

CHAIRMAN'S COMMENTS

1. The intention and substance of the motion adopted by the Council as part of its annual plan, set out on page 1 of this report, is set out as follows:
 - (i) To introduce a **'waster pays'** policy for the collection, transfer, and disposal of kerbside refuse, in accordance with the national waste strategy.
 - (ii) To do this **from the year 2004/05**, so as to coincide with the probable date on which the new regional landfill at Kate Valley would open.
 - (iii) To very substantially reduce the forecast rate increase as from 2004/05, a major driver for which was the significantly increased gate charges for the Kate Valley facility. The **rates reduction** from this decision is, as shown in the report, approximately \$4.5 million per year. **In considering this report, this fact needs to be kept firmly in mind.**
 - (iv) To put the issue into the context of the **solid waste strategy**, as represented by the current review of the statutory Waste Management Plan
 - (v) To establish, as policy, the payment of **"all waste minimisation operations"** from "waste levies (incentive and disincentive charges), not rates". This frees rates from the burden of funding "waste minimisation operations". **Note:** the term "operations" was used in 2(a) of the resolution to identify the distinction between waste minimisation (recycling) collections, and waste minimisation operations (being materials processing, research and development, special projects, and other operations directly concerned with the materials collected or with avoidance programmes). Clause 2(b) of the resolution refers to **"collections"** only of recyclables, and clause 2(c) refers to **"collection and disposal"** of refuse.

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- (vi) To do this in a **more transparent and manageable** way than at present, through the establishment of a Waste Minimisation Fund to facilitate the '**unbundling**' of funding between 'operations' and 'household services' (kerbside collection). The fund would be the only source of funds for "waste minimisation operations" and would be funded from the waste stream itself (the waste levies), while the collection service to households would be paid by households. Additional initiatives for waste minimisation, eg Council composting of putrescibles, and RMF business development needs, can be funded from this fund, which allows accumulation of income to occur for such purposes (not currently possible).
 - (vii) To fund kerbside collection of recyclables from rates to generate an **incentive** to use the service.
 - (viii) To fund kerbside collection (as well as transfer and final disposal) of refuse from 'waster pays' charges to generate a **disincentive** to use the service.
 - (ix) To introduce these changes together, **as a package**, so that the cost of introducing the above unbundling, and a more transparent and manageable system, (about \$1 million per year) is set-off against the rates saving of about \$4.5 million per year, thus conferring a net rates saving of about \$3.5 million per year (see bottom line of Table B).
2. Table C is labelled "Impact of Proposal on Rates". The bottom line of this table shows that the "total additional cost on rates" is about \$1 million per year (about half of this sum for 2004/05 because it is not for the a full year). This "total additional cost on rates" is actually the difference between what has been put in the current annual plan (which has already incorporates the waster-pays revenue from 2004/05, ie a rates saving of about \$4.5 million) and the cost of establishment of the Waste Minimisation Fund (which would occur in the same year but which was not brought into the current annual plan forecast for 2004/05). As stated above, the intention of the council resolution was to introduce both the waster-pays revenue and the waste minimisation fund at the same time, ie as a package. Therefore while the "impact of proposal on rates" is an increase of about \$1 million per year by comparing the current annual plan (\$4.5 million saving from waster-pays included) with the 2004/05 forecast, the "impact of proposal on rates" of the whole package (\$4.5 million saving from waster-pays, less about \$1 million dollars per year to establish the Waste Minimisation Fund) is in fact a positive impact on rates - saving about \$3.5 million per year from 4004/05.
 3. The staff report says, under the heading "Discussion of Issues", in relation to the targeted rates saving of \$10 million by 2005/06, that "it appears to be contradictory for the council to be seeking to expand and contract in the same time frame especially since the driver for the need to make savings is the additional cost is being caused by the need for new solid waste disposal facilities". In fact, when viewed as a package (as clearly intended by the council resolution quoted on page 1 of this report), the first contribution to the targeted rates saving of \$10 million is achieved by this proposal to the tune of about \$3.5 million. Furthermore, as also stated above, the restriction of funding for waste minimisation operations from the waste minimisation fund, removes that cost from rates altogether. It should also be noted in this context, that recent surveys of residents shows clearly that a significant majority (65%) of people are prepared to pay for their refuse bags (waster-pays) if:
 - (a) recycling is expanded, and
 - (b) the recycling bin is supplied 'free' (ie kerbside collection paid from rates).
 4. At the top of page 5 of the staff report, it is stated that the "resolution transfers the cost of kerbside recycling to rates funding. This is a policy issue and within the powers of the council. As noted in the advice from the legal services manager above it is also quite legitimate to treat kerbside recycling cost as waste minimisation" and that "it is also quite reasonable to fund the cost of kerbside recycling from these levies". Where the words "kerbside recycling" are used they should be read as 'kerbside recyclables collection'. The intention of the council resolution is to identify the collection activity as primarily a service to the household payable (for incentive purposes) from rates. Recycling itself (ie materials processing, and research and development activities) is paid for from a combination of the sales of secondary materials created from the recyclables, and council contract payments to the RMF. While it is indeed legally possible to pay for recyclables collection from the waste minimisation fund, it is:

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- (a) not appropriate to do so when this activity is primarily a service to households.
- (b) not feasible to do so when there would never be enough money in the fund (see *Table D: \$1.1 million p.a. from 2004/05, or double this is the waste minimisation levy remains at \$12 per tonne instead of being reduced to \$6 per tonne*) to meet the collection cost (see *Table C: \$3.1 million per year from 2004/05*). In other words, the payment of recyclables collection from the waste minimisation fund would permanently extinguish it, leaving nothing for recycling operations (the purpose of its establishment), thus making its creation pointless. Fundamentally, the real issue is the sustainable management and funding of waste minimisation operations - it is not just a simple matter of legal powers or accounting practice.

More important still, it is now clear that the majority of residents will embrace waster-pays for refuse bags if they can be assured that recycling is expanded (so that more can be put into the 'free' recycling bin, and less into the waster-pays refuse bag). Recycling cannot be expanded unless the capacity to do so is increased. This depends on research and development and improved materials processing. This is what it is intended to fund from a secure funding source in the form of the waste minimisation fund. This objective is self-defeated by attempting to pay for recyclables collection from the waste minimisation fund.

- 5. The council resolution 2 (a) specifies that the Transwaste dividend be paid into the waste minimisation fund as well as the waste levies. The staff report states that "it has been consistent council policy that dividends received from the council's various trading companies should be treated as general revenues of the council and as a consequence go to the reduction of general rates". While Transwaste is a trading company (37.5% CCC shareholding) the governance arrangements for it are necessarily different from other council trading enterprises which are under CCHL. The primary reason for this is to ensure that Transwaste's activities are integrated with other solid waste operations and functions. It is therefore not inappropriate for the Transwaste dividend to be seen in a different way than the dividend the stream paid indirectly to the council via CCHL. The Transwaste dividend can quite properly be diverted to other solid waste activities in this context, by way of payment to the waste minimisation fund. In addition, the council has been accused of being involved in the commercial joint venture represented by Transwaste Canterbury Ltd in order to make money, and that this is inconsistent with the council's waste minimisation operations. The proposal to pay the Transwaste dividend into the waste minimisation fund will explode this accusation, while at the same time adding much-needed income to what will surely be an inadequate fund for future waste minimisation operations, if we are to have any chance of reaching the targets set in the waste plan.
- 6. With regard to the other comments made in the staff report concerning the Transwaste dividend, while it is true that the council has provided part of the capital for Transwaste, and that it is intended that the dividend cover the cost of capital, it should also be noted that for approximately three years, the council has been, and will be, collecting very significantly more in landfill gate charges than it is required to spend on running the landfill. The resulting surpluses, running into millions of dollars, have provided for the capital required to invest in the Transwaste joint venture and other capital requirements for solid waste operations. The staff comments on this aspect are therefore inappropriate, or at least incomplete.
- 7. The staff report refers to plans for a future domestic putrescibles collection, and states that "it raises the question of whether this should be funded from rates as proposed for kerbside recycling or from the surplus waste minimisation funds. Any inconsistency could arise whichever method of funding was chosen". This is incorrect. There is no inconsistency if the collection of putrescibles from the kerbside is paid from rates, just like the other recyclables, and the processing of the putrescibles is paid for from the waste minimisation fund, just like the processing of other recyclables.

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8. The staff report correctly points out that "the council has avoided as far as possible the separation of revenue streams in separate accounts and this has provided flexibility in its financial structure. There are only two exceptions being the Housing Account and the Dog Control Account". I would say that these exceptions tend to show that well justified exceptions are not exceptional. I would also point out that there is a sound statutory basis for the establishment of a waste minimisation fund, in that it is clearly a requirement of the Local Government Act that a council may only charge incentive and disincentive charges if those charges are justified in its statutory waste plan and the funds are applied accordingly. In the past, the council has been remiss in this respect. The waste minimisation fund will correct this, and improve management, accountability, and statutory compliance by:
- (a) Transparently showing the source of funds and the application of funds in accordance with the waste plan.
 - (b) Avoiding the confusion resulting from the intermingling of rates and waste levies for specified functions pursuant to the waste plan.
 - (c) Enabling the accumulation of waste levies in the fund (currently not possible) to fund the capital for future initiatives.
 - (d) Assist in the management, prioritisation, and timing of waste minimisation projects and programmes via the annual plan process.

While the avoidance of "jam jar accounting" is a sound policy, there certainly are justifiable exceptions - this is one of them!

9. The staff report moves on to say that the council "should regularly review the relative importance of all outputs" and correctly points out that "a separate fund shall not preclude this practice". It goes on to say that the activity (the waste minimisation fund) "should not be exempted from... reviews but there will be a temptation to do so in the pressure of dealing with the volume of annual plan reviews". This is a cynical and unrealistic view. The reality is that there will be much work to do by both the Sustainable Transport and Utilities Committee and the budget review working party to ensure that the many demands on the fund are properly prioritised and justified. For example, the RMF contract requires the business development component to be negotiated and agreed every year via the annual plan process. The funding for this would come from the waste minimisation fund. This is in contrast to a relatively much easier task for both the Housing Account and the Dog Control Fund. The report also says that "it is far more straightforward for the council to be diligent in reviewing its priorities and expenditure levels if they are not separated into separate funds". The reverse is true: it is much more straightforward for the council to be diligent in carrying out its responsibilities set out in the waste plan and in reviewing its priorities for waste minimisation initiatives and programmes, if those activities are considered together and managed in an integrated way in a separate fund. Further, there is an additional discipline in the process, when these initiatives and programmes can only, as a matter of policy, be funded from the waste minimisation fund, in which the available funds (including accumulations) will have to be matched to the outputs required. It will also be positive from the public point of view (the public has consistently put waste management and recycling at the top of the survey list requiring the council to do more) if the council is seen to be making adequate ongoing provision to implement the waste plan, isolated from the competing demands of rates.
10. The matter raised at the bottom of page 5 of the staff report regarding the savings to rates in the reduction of the cost of the commercial waste minimisation team (Target Zero), is specifically irrelevant in that these savings will have been made well before the waste minimisation fund has been established. If it is an example of something, then it also seems generally irrelevant for immateriality to the issues raised in the report.
11. I agree with the comments made in the staff report under the heading "how would a dedicated fund work?"
12. Under the heading 'Conclusions' in the staff report, it is stated that "there will be a significant adverse impact on the level of rating in the next few years if the proposal outlined in clause 2 of the council resolution... is proceeded with". This is obviously and grossly incorrect. It is wrong to isolate clause 2 of the resolution, as though clause 1 did not exist. It is very obviously the council's intention that clauses 1 and 2 are part of one package to be implemented in the same year (2004/05). The result of clause 1 is a saving to rates of approximately \$4.5 million per year. The result of clause 2 (especially funding of recyclables collection from rates) is an added cost of approximately \$1 million per year. The net result is a saving to rates of approximately \$3.5 million per year from the package as a whole.

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13. Also under the heading 'Conclusions', it is stated that if the council resolves to pay the Transwaste dividend into the waste minimisation fund "then it should also expense the servicing costs related to funding the equity in Transwaste against the fund". This is not appropriate. As I have pointed out above, the council will have collected far more in waste charges than is required to run the landfill, over three years. If the staff comments are valid, then following that logic, the surpluses collected in waste charges should be paid into the waste minimisation fund - but this too is inappropriate. It is quite appropriate in the circumstances for the surplus collected in waste charges currently, to be regarded as having provided the capital for Transwaste Canterbury, thus justifying the payment of Transwaste dividend into the waste minimisation fund. In the end though, these arguments are peripheral and academic - the point is that the council has good reason (set out earlier in these comments) as a matter of policy to pay the Transwaste dividend into the fund to be used exclusively for waste minimisation purposes.
14. Contrary to the statement in 'Conclusions' that "it is not appropriate in the ordinary course of financial management to insulate one particular activity from budget review and priority setting", it is not only appropriate, but indicated (although not specifically required) by the LGA requirements concerning waste plans, to separate waste minimisation operations and programmes into a dedicated fund to improve transparent and effective management in the application of incentive and disincentive charges collected under Christchurch's waste plan.
15. Regarding the description of the two options near the end of the staff report, option 1 should not refer to "household recycling costs funded from rates and dividends and debt servicing remaining in the general accounts". It should refer to 'kerbside recycling collection costs funded from rates, and Transwaste dividends and all incentives and disincentive charges paid into the waste minimisation fund, and debt servicing of Transwaste capital contributions remaining in the general accounts'. While the remaining description of option 1 is correct in terms of the additional rates required over what is currently forecast in the annual plan, it is to be remembered that the annual plan already incorporates the rates reduction of \$4.5 million per year (the waster-pays portion of the package), so that in fact, there is a net rates saving overall of approximately \$3.5 million resulting from the package as a whole. The description in option 1 of the effect on rates is misleading in this respect.
16. With regard to the description of option 2, it is not accurate to describe the funding of the recyclables collection "from a combination of waste minimisation levies and rates". If there is no waste minimisation fund, the incentive and disincentive charges are paid into general funds with which they become intermingled, and it is not possible to identify them as having been paid for any purpose at all, since without a dedicated fund, all that is possible is for the council's accounts to show what has been spent on waste minimisation and what has been collected in incentives and disincentive charges - in particular, it is not feasible to differentiate between recyclables collection and waste minimisation operations.

CONCLUSION

The council resolution comprises a package set out in clauses 1 and 2. The package sets off the costs of implementation of clause 2 (approximately \$1 million per year) against the rates reduction of approximately \$4.5 million per year resulting from the waster-pays proposal in clause 1. The net result is a saving of approximately \$3.5 million in rates as from the 2004/05 year. I believe that it is correct to say that the two parts of the resolution are dependent upon each other, and amount to a social contract, ie residents would pay for their refuse bags on the basis that the recycling bin continued to be free (rates funded) and improvements and expansion to waste minimisation operations (especially recycling development) would be funded by the waste stream itself (incentives and disincentive charges) via the waste minimisation fund.

If the waste minimisation fund (clause 2 of the resolution) is not now established, then it would not be appropriate to proceed with the waster-pays proposal contained in clause 1 of the council resolution either. If the two parts of the package are not implemented as envisaged in the council resolution, then there will be a much larger rates increase 2004/05 to the tune of approximately \$4.5 million. Accordingly, if the waste minimisation fund is not established as envisaged in the council resolution, as part of one whole package, then I will feel reluctantly obligated to move also for the abandonment of the waster-pays policy notwithstanding the large rates increase which would result.

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Staff

Recommendation: That the Council make a choice between the two options listed above.

Chairman's

Recommendation:

1. That the above report be received in satisfaction of clause 3 of the Council resolution of 16 July 2002.
2. That the proposals set out in clauses 1 and 2 of the resolution, as a package, be confirmed, subject only to the conditions relating to comprehensive public consultation and information set out in clause 1(a) and the revision of the waste plan set out in clause 1(b).