



CHRISTCHURCH CITY COUNCIL AGENDA

THURSDAY 7 JULY 2005

AT 9.30AM

IN THE COUNCIL CHAMBER, CIVIC OFFICES

Council: The Mayor, Garry Moore (Chairperson).
Councillors Helen Broughton, Sally Buck, Graham Condon, Barry Corbett, David Cox,
Anna Crighton, Carole Evans, Pat Harrow, Bob Shearing, Gail Sheriff, Sue Wells and Norm Withers.

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1. **APOLOGIES**

2. **CONFIRMATION OF MINUTES - COUNCIL MEETING OF 30.6.2005**
Attached.

3. **DEPUTATIONS BY APPOINTMENT**

4. **PRESENTATION OF PETITIONS**

5. **CORRESPONDENCE**

6. LOCAL GOVERNANCE STATEMENT

General Manager responsible:	General Manager Regulation and Democracy Services
Officer responsible:	Secretariat Manager
Author:	Max Robertson, Council Secretary, DDI 941-8533

PURPOSE OF REPORT

1. The purpose of this report is to seek the adoption by the Council of an updated governance statement.

EXECUTIVE SUMMARY

2. The present governance statement was adopted by the Council on 20 November 2003. To comply with the provisions of the Local Government Act 2002, the Council is required to update the present statement within six months after each triennial election.
3. This document is required to provide information to the public on a number of specified topics regarding the structure of the organisation and the Council's decision-making processes.
4. A revised governance statement was submitted to the Council on 5 May 2005. Because of the pending review of the Council's governance structure, it was resolved that the statement be revised and reissued following the 23 June Council meeting, to reflect any changes agreed at that meeting.
5. Although some procedural refinements/enhancements have since been proposed as a result of seminar discussions between Councillors and Community Board members, there has been general agreement that the essential elements of the present governance structure should be retained for the immediate future, including the existing portfolio groups. The statement attached to this report is therefore essentially the same as the statement submitted to the 5 May Council meeting, subject to the addition of the new bullet-point references set out below under clause 2, dealing with functions, responsibilities and activities:
 - Have structures in place that allow the Council to listen to concerns raised.
 - To be accessible to residents.
 - Promote democracy.
6. The draft updated governance statement attached to this report therefore reflects the Council's present governance structure, and the other information required to be included pursuant to the Local Government Act 2002.

FINANCIAL AND LEGAL CONSIDERATIONS

7. There are no financial considerations. Adoption by the Council of an updated governance statement is a statutory requirement under section 40 of the Local Government Act 2002, the full provisions of which are set out in clause 6.

STAFF RECOMMENDATIONS

It is recommended that the Council formally adopt and make publicly available the updated governance statement attached to this report.

6 Cont'd

BACKGROUND

8. The full requirements of section 40 of the Local Government Act 2002 relating to local governance statements are set out below:

- “(1) A local authority must prepare and make publicly available, following the triennial general election of members, a local governance statement that includes information on---*
- (a) the functions, responsibilities, and activities of the local authority; and*
 - (b) any local legislation that confers powers on the local authority; and*
 - (c) the electoral system and the opportunity to change it; and*
 - (d) representation arrangements, including the option of establishing Maori wards or constituencies, and the opportunity to change them; and*
 - (e) members' roles and conduct (with specific reference to the applicable statutory requirements and code of conduct); and*
 - (f) governance structures and processes, membership, and delegations; and*
 - (g) meeting processes (with specific reference to the applicable provisions of the Local Government Official Information and Meetings Act 1987 and standing orders); and*
 - (h) consultation policies; and*
 - (i) policies for liaising with, and memoranda or agreements with, Maori; and*
 - (j) the management structure and the relationship between management and elected members; and*
 - (k) equal employment opportunities policy; and*
 - (l) key approved planning and policy documents and the process for their development and review; and*
 - (m) systems for public access to it and its elected members; and*
 - (n) processes for requests for official information.*
- (2) A local authority must comply with subsection (1) within 6 months after each triennial general election of members of the local authority.*
- (3) A local authority must update its governance statement as it considers appropriate.”*

7. ECONOMIC DEVELOPMENT INITIATIVES FROM THE CAPITAL ENDOWMENT FUND INTEREST

General Manager responsible:	General Manager Strategic Development
Officer responsible:	General Manager Strategic Development
Author:	Ian Hay, DDI 941-8474

PURPOSE OF REPORT

1. The purpose of this report is to discuss the applications and recommend allocation of the \$873,000 available for economic development initiatives from the Capital Endowment Fund interest.

EXECUTIVE SUMMARY

2. (i) A sum of \$873,000 is available for Economic Development initiatives bids put forward by the Canterbury Development Corporation (CDC), Christchurch and Canterbury Marketing (CCM) and the Council (CCC).
- (ii) All of the initiatives will contribute to the Economic Prosperity Strategic Directions.
- (iii) Some initiatives need a funding commitment for more than one year.
- (iv) The staff recommendation provides for a balanced allocation to meet the objectives and aspirations.
- (v) No guarantee can be given for future funding levels.

FINANCIAL AND LEGAL CONSIDERATIONS

3. The funds are provided for in the Annual Plan and are available for allocation.

STAFF RECOMMENDATION

It is recommended that the Council agree that the \$873,000 be distributed as follows:

- (a) CCC, \$163,000 (\$100,000 for one year) to assist with the development of a Council lead Tourism Strategy and \$63,000 for other Council lead economic development initiatives e.g. concept work on new initiatives.
- (b) CDC, \$510,000 to be allocated as follows:

Film South	\$100,000
Aerospace	\$150,000
Business Retention/attraction	\$50,000
Workforce Development	\$60,000
Youth Enterprise	\$50,000
Apprenticeships	\$50,000
Advanced Network	<u>\$50,000</u>
	<u>\$510,000</u>
- (c) CCM, \$200,000 to meet obligations for the winter campaign already well in train.

7 Cont'd

BACKGROUND ON THE DISTRIBUTION OF THE CAPITAL ENDOWMENT FUND INTEREST

4. The Capital Endowment Fund has been in place for several years now with the interest, after provision for inflation adjustment, available for economic development and civic projects on a 70/30 split. Of the 70% available for economic development \$1.5m has been allocated to the Canterbury Economic Development Fund managed by the Canterbury Development Corporation in accordance with criteria agreed by the Council following development by CDC, CECC, CMA and Council staff. An amount of \$873,000 remains available for allocation for economic development purposes.
5. Historically the CDC and CCM have come to the Annual Plan meetings to request specific sums for new initiatives in addition to the core funding provided to both organisations by the Council. Both the CDC and CCM have been set up as independent organisations, governed under charitable trusts with the key objectives of contributing to the economic growth and welfare of Christchurch. In effect they are service providers to the Council delivering some of the economic objectives of the Council and the city. In addition through initiatives by the Mayor, on behalf of the Council, and the role of General Manager Strategic Development, the Council now takes a more proactive role in leading some targeted economic initiatives. Historically budget provision has not been made for these initiatives but as part of the 2005/06 allocation it is recommended some funds be provided for this purpose.

Discussion

6. The Council uses a number of vehicles to deliver on its economic prosperity strategic direction.



7. As a Council with a significant commercial arm in our holding company we are now moving towards using our financial strength to lead more strategic economic initiatives to ensure Christchurch enhances economic opportunities in the future. Without a strong economy it will be increasingly more difficult to achieve the objectives of the other three strategic directions to ensure Christchurch remains a great place to live. Some would say a strong, healthy economy is a building block for the other “well-beings”.
8. The Council goals and objectives under Economic Prosperity state:
 1. *Develop business and other links to promote economic development that is consistent with the needs of Christchurch people and environment.*
 2. *Encourage business that provides high value jobs.*
 3. *Enhance business activity in the city by investing in managing and encouraging provision of infrastructure.*

7 Cont'd

4. *Work in partnership with the business and education sectors to attract and train people with diverse skills that meet businesses needs.*
5. *Use Christchurch's special qualities to enhance economic activity and attract skilled workers.*
6. *Promote environmentally sustainable business practices.*

Bids Received from CDC and CCM

9. In February this year both the CDC and CCM presented to the Council on the initiatives and additional funding requested for the 2005/06 year. The combined funds requested totalled \$2.075m made up as follows:

CDC

Film South	\$150,000	ongoing	
Aerospace	\$175,000	per year for 2 years	
Cardwire	\$100,000	per year for 2 years	
Business Retention/attraction	\$100,000	per year for 2 years	
Workforce Development	\$100,000	per year for 3 years	
Apprenticeships	<u>\$50,000</u>	per year for 3 years	\$675,000

CCM

Continuing and building on:

Domestic Campaign	\$1,000,000	ongoing	
Event Marketing	250,000		
Resident Marketing	<u>150,000</u>		<u>\$1,400,000</u>
			\$2,075,000

10. The CDC bids are a mix of continuing and new initiatives as is the CCM bid. Some of these initiatives were identified in key projects of the Prosperous Christchurch framework developed in association with education, research and business organisations over the last 18 months. The \$1.0m domestic marketing campaign is a continuation of the campaign commenced in 2004/05 and builds on the \$250,000 provided by the Council in the last Plan for this purpose. Discussion with the CEO of CCM, Ian Bougen, has identified the need for an ongoing contribution of \$750-\$800k if we are serious about domestic marketing for the winter and shoulder seasons. To continue the winter campaign this year, which is substantially committed, CCM need \$200,000. It is still too early to gauge the success of the campaign to date and whether a larger investment will provide comparable ongoing dividends to Christchurch. Event Marketing and Resident Marketing are not considered by staff to be a priority at this time.
11. The original presentations made to the Council by the two organisations have been separately circulated for information.
12. It has been recognised for some time that a comprehensive tourism strategy needs to be developed for Christchurch and Canterbury to ensure we are prepared for the continuing growth in numbers projected, especially international visitors. This tourism growth will have a significant effect on Council provided services as well as private infrastructure. In discussion with the CDC and CCM we have agreed that some funds for consultant input should be provided in addition to the staff resource from the three organisations who will contribute to the strategy. The Council will take a lead role in driving this strategy development.
13. In making the 2005/06 allocation recommendation it should also be made clear to CDC and CCM that the level of future contributions cannot be guaranteed and will depend on investment returns and available funds given competing priorities.

7 Cont'd

OPTIONS

14. There are several options available from giving all the available funds to one organisation, to deliver outcomes to spreading the funds to defined projects in full or in part. Several of the projects require a commitment for more than one year with the Domestic Marketing Campaign likely to be ongoing for some time and potentially requiring more money than is available in the future. Any decision made this year needs to reflect future requirements and expectations. In reality there will be insufficient funds from this source to meet all requests so some prioritisation by the Council will be required for some time into the future.

PREFERRED OPTION

15. The preferred option is to allocate some funds to economic initiatives managed by each of the three organisations. They all have different roles in delivering projects that contribute to the Economic Prosperity Outcomes.

8. CHRISTCHURCH CITY HOLDINGS LIMITED - STATEMENTS OF INTENT FOR SUBSIDIARY COMPANIES

General Manager responsible:	Bob Lineham, CEO, CCHL
Officer responsible:	Bob Lineham, CEO, CCHL
Author:	Richard Simmonds, DDI 941-8817

PURPOSE OF REPORT

1. The purpose of this report is to seek the approval of the Council of a draft Statement of Intent received from Christchurch City Facilities Ltd.

BACKGROUND

Statements of Intent

1. The Council's subsidiary companies are required by statute to submit an annual Statement of Intent ('Sol') to their shareholders. An Sol must set out the entity's objectives and performance measures, as well as certain other information, and must be approved by the shareholder.
2. CCHL is required by the terms of its own constitution to forward the Sols of the trading companies to the Council for final approval. CCHL has, however, performed an initial review of the CCFL Sol.
3. The draft CCFL Sol has been separately circulated.

CHRISTCHURCH CITY FACILITIES LTD ('CCFL') STATEMENT OF INTENT

1. The CCFL Sol is broadly similar to the previous year's version, with the main changes being:
 - Page 4 New section regarding the intention of CCFL and JSL to enter into a joint venture agreement regarding governance and management of the two companies.
 - Page 6 Confirmation that the current board of wholly-owned subsidiary, Jet Engine Facility Ltd, will resign once all completion issues have been resolved, and be replaced by the directors of the combined CCFL/JSL board.
 - Page 8 The budgeted equity injection from the Council for 2005/06 to fund long term asset renewal and replacement is \$750,000, compared with \$450,000 per annum in recent years.

8 Cont'd

2. CCFL recently reported its half year result. The company has had a successful 2004/05 financial year to date, with the high NZ dollar helping to attract a number of big-name acts to Christchurch, and leading to a result significantly better than budgeted last year.

RECOMMENDATION

1. That the Council approve the draft Sol of Christchurch City Facilities Ltd.

**9. REPORT OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD
MEETING OF 22 JUNE 2005**

Attached.

**10. REPORT OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD
MEETING OF 21 JUNE 2005**

Attached.

11. NOTICES OF MOTION

12. QUESTIONS

13. RESOLUTION TO EXCLUDE THE PUBLIC

Attached.