

6. DRAFT 2005/06 ANNUAL PLAN

General Manager responsible:	General Manager Corporate Services
Officer responsible:	General Manager Corporate Services
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PURPOSE OF REPORT

1. This paper and its appendices set the framework for the draft 2005/06 Annual Plan which the Council is being asked today to approve.

Approval will:

1. Approve the rate increase;
2. Adopt the Statement of Proposal (being the draft Annual Plan);
3. Enable the Statement of Proposal to be made available for public inspection and consultation.

EXECUTIVE SUMMARY

2. The draft Annual Plan for 2005/06 is delivering a rate increase of 3.49% compared to 3.53% in the LTCCP. We have been able to accommodate most bids and include \$500k for the Council to determine projects for or further reduce rates by .3%. A full copy of the Draft Annual Plan is sent under separate cover.

The attachments to this report are:

- Appendix 1: A summary of the financials for the draft plan
Appendix 2: Details of the discretionary bids discussed at the seminar
Appendix 3: Capital Endowment Fund
Appendix 4: Rates
Appendix 5: YMCA report and report not supporting an equity investment.

FINANCIAL AND LEGAL CONSIDERATIONS

3. Following the seminar we input into the detailed financial model the high level changes/issues that were discussed at the seminar. Two significant changes have occurred since the seminar:
 1. We have reviewed the Capital Endowment Fund and reduced the amount of interest available owing to the need to inflation-proof the fund. We have, however, identified some carry forward monies from previous years' allocations that have not been spent and can come back into the pot. This has resulted in both the Te Papanui Trust (\$250k) and the School of Gymnastics (now \$350k) being able to be funded from the Civic and Community portion of the available funds.
 2. We reviewed all our interest bearing funds to ensure they all reflected our higher level of interest assumption. This has seen interest income increase to \$18.6m – up \$800k from the seminar position.

The net result is that we have been able to:

1. Accommodate the following discretionary bids:
 - Riccarton Bush Trust \$42k
 - Te Papanui Trust \$250k
 - Christchurch School of Gymnastics \$350k
 - Landfill Gas Capex \$3m.

In addition, the CEF has funds available for the Council to allocate (at a later date) towards the CCM (\$1m-\$1.3m) and CDC (\$675k) bids (details in Appendix 3).

No provision has been made for the YMCA \$2k loan.

2. Identify \$500k that is available for the Council to either allocate to specific new work/areas or reduce rates. Currently the \$500k has been prorated among the activities.
3. Produce a rate result of 3.48% compared to 3.53% in the LTCCP.

Please note that the extra interest revenue is **not** a sustainable revenue stream. Allocation of the extra \$500k to ongoing projects (as opposed to one-off projects) will result in funding shortfalls in future years.

The Council may consider the best use of the \$500k available to be for projects or may consider it appropriate to allocate the funds to the CEO as a contingency to meet likely increased costs associated with Aidanfield activities.

STAFF RECOMMENDATIONS

It is recommended that the Council agree to the following:

1.
 - (a) That the amount confirmed for economic development to be made available to CEDF be \$1.6 million.
 - (b) That the remaining unallocated balance of \$873,139 of the economic development section of the fund be designated for allocation during the year with consideration being given to CDC, CCM and CEDF as potential recipients.
 - (c) That the civic and community funding be allocated to Te Papanui Trust (\$250,000) and Christchurch School of Gymnastics (\$350,000).
 - (d) That remaining balance of the civic and community funding be held over to 2006/07 or allocated by the Council to another project.
2. That the Council approve an overall rate increase of 3.49% for 2005/06.
3. That the Council adopt the Statement of Proposal being the draft 2006 Annual Plan.
4. That the Statement of Proposal be made available for public inspection at the Civic Offices, Council Service Centres, Council libraries and on the Council's website.
5. That public notice of the Statement of Proposal and the consultation being undertaken be given in the "Christchurch Star" newspaper on Friday 8 April 2005, "The Press" newspaper on Saturday 9 April 2005 and on the Council's website on or before Monday 11 April 2005.
6. That a Summary of Information be distributed by way of publication in the April edition of "City Scene" and on the Council's website.
7. That the period within which written submissions on the Statement of Proposal may be made to the Council be between Monday 11 April 2005 and Friday 13 May 2005.
8. That the General Manager Corporate Services be authorised to make any amendments and editing changes to the Statement of Proposal and the Summary of Information for correction purposes between now and publication.