

# **CHRISTCHURCH CITY COUNCIL AGENDA**

**MONDAY 21 JUNE 2010 AT 9.30AM**

**TUESDAY 22 JUNE 2010 AT 9.30AM**

**COUNCIL CHAMBER, CIVIC OFFICES**

# AGENDA - OPEN

## CHRISTCHURCH CITY COUNCIL

**Monday 21 June 2010 at 9.30am**  
**Tuesday 22 June 2010 at 9.30am**  
**in the Council Chamber, Civic Offices**

**Council:** The Mayor, Bob Parker (Chairperson).  
Councillors Helen Broughton, Sally Buck, Ngaire Button, Barry Corbett, David Cox, Yani Johanson,  
Claudia Reid, Bob Shearing, Gail Sheriff, Mike Wall, Sue Wells, Chrissie Williams and Norm Withers.

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**21-22. 6. 2010**

**1. APOLOGIES**

Councillor Norm Withers.

**2. CONFIRMATION OF MINUTES – COUNCIL MEETING OF 10-12 MAY 2010**

Attached.

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### 3. 2010/11 ANNUAL PLAN

<b>General Manager responsible:</b>	General Manager Corporate Services, DDI 941-8528
<b>Officer responsible:</b>	Corporate Finance Manager
<b>Author:</b>	Ian Thomson, Solicitor

#### PURPOSE OF REPORT

1. (a) To report on the special consultative procedure undertaken in respect of the 2010/11 Annual Plan; and
- (b) To seek approval of the recommendations made by the Mayor and staff contained in the report.

#### EXECUTIVE SUMMARY

2. Earlier this year the Council prepared its draft 2010/11 Annual Plan. This was distributed for public consultation in March 2010. Written submissions were received and opportunities given for individuals and organisations to appear before Councillors to express support of, or opposition to, the draft plan. The result of this process is set out in the following Appendices.

##### **Appendix A (attached under separate cover)**

A summary of the written and verbal submissions made in response to the draft 2010/11 Annual Plan. This includes a brief analysis of the submissions and the Mayor's recommendations with regard to them.

##### **Appendix B**

Information about changes proposed to be made to the draft 2010/11 Annual Plan as a result of the special consultative procedure including:

- (i) A summary of financial changes to be made should the Mayor's recommendations be adopted.
- (ii) Information about other proposed changes

##### **Appendix C (to be tabled at the meeting)**

A schedule containing the rates information required to give effect to the 2010/11 Annual Plan, to be tabled at the meeting on 21-22 June 2010.

##### **Appendix D**

A schedule of fees and charges to be adopted for the 2010/11 financial year.

#### BACKGROUND

3. The requirement to prepare and adopt an Annual Plan for each financial year is contained in section 95 of the Local Government Act 2002. In accordance with that section the Council has:
  - (a) Used the special consultative procedure.
  - (b) Included the following information:
    - The proposed 2010/11 annual budget and funding impact statement.
    - Variations from the financial statements and funding impact statement included in the Council's Long-Term Council Community Plan (LTCCP) in respect of the year ending 30 June 2011.
  - (c) Prepared the 2010/11 Annual Plan in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statement included in the LTCCP.
  - (d) Provided appropriate references to the LTCCP in which the Council's activities for the year ending 30 June 2011 are covered by the 2010/11 Annual Plan.

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#### STAFF RECOMMENDATION

It is recommended that the Council resolve to:

- (a) Adopt the recommendations in Appendices A and B.
- (b) Adopt the 2010/11 Annual Plan consisting of the draft 2010/11 Annual Plan and the changes adopted by resolution as above.
- (c) Set the rates for the financial year commencing on 1 July 2010 and ending on 30 June 2011 set out in Appendix C.
- (d) Note that GST at the prevailing rate will be added to the rates set out in Appendix C.
- (e) Adopt the fees and charges set out in Appendix D.
- (f) Authorise the General Manager Corporate Services and the Corporate Finance Manager (jointly) to borrow in accordance with the liability management policy to enable the Council to meet its funding requirements as set out in the 2010/11 Annual Plan.
- (g) Authorise the General Manager Corporate Services to make any necessary amendments required to ensure that the published 2010/11 Annual Plan is in accordance with the Council's resolutions of 21-22 June 2010.

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**4. SPECIAL CONSULTATIVE PROCEDURES – PROPOSALS TO ESTABLISH 3 COUNCIL CONTROLLED ORGANISATIONS AND TO CHANGE THE OWNERSHIP AND CONTROL OF CHRISTCHURCH CITY NETWORKS LTD**

<b>General Manager responsible:</b>	General Manager Corporate Services, DDI 941-8528
<b>Officer responsible:</b>	Corporate Finance Manager
<b>Author:</b>	Ian Thomson ,Solicitor

**PURPOSE OF REPORT**

1. (a) To report on two matters consulted on as part of the special consultative procedure undertaken in respect of the 2010/11 Annual Plan. These matters are:
  - Establishment of 3 Council Controlled Organisations; and
  - Amendment of the Council's 2009/19 LTCCP to include a proposed change in the ownership and control of Christchurch City Networks Ltd.
- (b) To seek approval of the recommendations made by staff contained in the report.

**EXECUTIVE SUMMARY**

2. At its meetings on 25-26 February and 11 March 2010 the Council approved Statements of Proposal and Summaries of Information in respect of these matters.
3. The documents were distributed for public consultation at the same time as the draft 2010/11 Annual Plan.
4. Written submissions were received and opportunities given for people and organisations to appear before Councillors to express support for or opposition to the matters proposed.
5. Comments in response to the submissions are contained in the background section of this report.

**BACKGROUND**

6. There were six submissions received to the proposal that the Council establish three Council Controlled Organisations (CCOs). The reasons for the proposal are set out in the staff report to the meeting of 25-26 February 2010 and in the Statement of Proposal considered and approved at that meeting.
7. The concerns of the submitters were that by establishing "shelf" companies the Council was acting contrary to the provisions of the Local Government Act 2002 and that they should not be used to avoid consultation.
8. Simpson Grierson, the Council's strategic legal advisor, has previously confirmed that establishing CCOs as shelf companies or trusts does not breach the Act.
9. Having a number of non-trading CCOs available for use, does not remove any control from the Council. A proposal to activate a CCO would be put to the Council for approval and would be subject to the requirements of the Local Government Act 2002. Any financial support (capital injection or debt) would need to be separately considered and approved. If the commencement of a particular activity triggered the Council's significance policy, the use of the special consultative procedure may be required.
10. The Council would be required by the Act to consider the views of the community in the course of any decision-making process to activate a non-trading CCO.
11. There were no submissions received on the proposal to amend the 2009/19 LTCCP to reflect a proposed change in the ownership and control of Christchurch City Networks Ltd. The reasons for the proposal are set out in the staff report to the meeting of 11 March 2010 and in the statement of proposal considered and approved at that meeting.

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12. If the proposal is adopted by the Council the LTCCP will be amended by adding the following words on page 211 (Volume 2).

“Christchurch City Networks Ltd (trading as Enable Networks) has made a bid to become a partner with the Crown in the Crown’s ultra-fast broadband initiative in Christchurch and surrounding urban areas. Under the proposal Crown Fibre Holdings Limited would fund the extension of the existing network to all streets and in exchange be issued shares. If successful with this bid Crown Fibre Holdings Limited could become the major shareholder in Christchurch City Networks Limited for a period of several years.

Although the Council could technically lose control for several years under this scenario the shares would all be held through a publicly owned enterprise and the community would benefit from access to a more comprehensive network.

If Christchurch City Networks Ltd is unsuccessful in partnering with Crown Fibre Holdings Limited, then an option would be for the company and/or its assets to be sold in order to optimise the value of the current investment. As the company was originally established to ensure that ultra-fast broadband was available to Christchurch, its sale, if pursued, would ensure the existing network remains in use in the future.”

#### STAFF RECOMMENDATION

It is recommended that the Council resolves to:

- (a) Approve the establishment of three Council Controlled Organisations to be used, following further Council approval, should appropriate opportunities arise.
- (b) Authorise an initial nominal capital of \$100 for the companies and the appointment of the Chief Executive and the General Manager Corporate Services as Directors whilst the companies are non-trading.
- (c) Authorise the appointment of the Chief Executive and the General Manager Corporate Services as interim trustees of the trust to be formed.
- (d) Approve the proposed change in the ownership and control of Christchurch City Networks Ltd should the Company enter into a contract with the Crown for the installation of ultra-fast broadband in Christchurch.
- (e) Authorise the amendment of the Council’s 2009/19 LTCCP as set out in the staff report.
- (f) Receive correspondence from Audit NZ confirming its report on the proposed amendment.