

CHRISTCHURCH CITY COUNCIL AGENDA

THURSDAY 10 MAY 2012

9.30AM

**COUNCIL CHAMBER, CIVIC OFFICES,
53 HEREFORD STREET**

CHRISTCHURCH CITY COUNCIL

Thursday 10 May 2012 at 9.30am
in the Council Chamber, Civic Offices, 53 Hereford Street

Council: The Mayor, Bob Parker (Chairperson).
Councillors Peter Beck, Helen Broughton, Sally Buck, Ngaire Button, Tim Carter, Jimmy Chen,
Barry Corbett, Jamie Gough, Yani Johanson, Aaron Keown, Glenn Livingstone, Claudia Reid and
Sue Wells.

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1. APOLOGIES

The Mayor and Councillor Reid.

2. DEPUTATIONS BY APPOINTMENT

3. PRESENTATION OF PETITIONS

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**4. REPORT OF A MEETING OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD:
MEETING OF 14 MARCH 2012**

Attached.

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**5. REPORT OF A MEETING OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD:
MEETING OF 4 APRIL 2012**

Attached.

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**6. REPORT OF A MEETING OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD:
MEETING OF 18 APRIL 2012**

Attached.

7. **MAIN ROAD – THREE LANING
(REPORT FROM A MEETING OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD OF
14 DECEMBER 2011)**

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**8. REPORT OF A MEETING OF THE LYTTTELTON/MT HERBERT COMMUNITY BOARD:
MEETING OF 3 APRIL 2012**

Attached.

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**9. REPORT OF A MEETING OF THE LYTTELTON/MT HERBERT COMMUNITY BOARD:
MEETING OF 17 APRIL 2012**

Attached.

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**10. REPORT OF A MEETING OF THE RICCARTON/WIGRAM COMMUNITY BOARD:
MEETING OF 13 MARCH 2012**

Attached.

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MEETING OF 3 APRIL 2012**

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MEETING OF 17 APRIL 2012**

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MEETING OF 14 MARCH 2012**

Attached.

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MEETING OF 16 MARCH 2012**

Attached.

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17. REPORT OF AN EXTRAORDINARY MEETING OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD: MEETING OF 24 APRIL 2012

Attached.

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MEETING OF 14 MARCH 2012**

Attached.

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MEETING OF 16 APRIL 2012**

Attached.

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MEETING OF 2 APRIL 2012**

Attached.

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**22. REPORT OF A MEETING OF THE FENDALTON/WAIMAIRI COMMUNITY BOARD:
MEETING OF 17 APRIL 2012**

Attached.

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23. ELECTED MEMBER REMUNERATION 2012/13

General Manager responsible:	General Manager Regulation & Democracy Services, DDI 941-8462
Officer responsible:	Democracy Services Manager
Author:	Lisa Goodman – Democracy Services Manager

PURPOSE OF REPORT

1. This report seeks a recommendation from the Council to the Remuneration Authority on the payment of remuneration to elected members for the twelve month period beginning 1 July 2012.

EXECUTIVE SUMMARY

2. The Remuneration Authority notes in a letter to the Council (**Attachment One**) that “it is clear that the information upon which we have traditionally based remuneration will not be robust for some years to come, with population and expenditure significantly affected by the earthquakes and reconstruction process”. Therefore the Authority has decided to apply a simple 1.5 per cent increase to the remuneration pool for the elected members of the Christchurch City Council and its eight community boards for the 2012/13 year. This is an increase of \$22,662 (or 1.5 per cent), taking the pool from \$1,510,828 in this current financial year to \$1,533,490.
3. The pool excludes the Mayor’s gross salary of \$171,200, which has already been fixed by the Remuneration Authority. This is also an increase of 1.5 per cent from the 2011/12 gross mayoral salary of \$168,700.
4. Based on the rules and principles set by the Remuneration Authority, the Council is required to submit a proposal to the Authority for how the pool will be allocated amongst the 53 elected members (Councillors and Community Board members) for the 2012/13 year. In its attached letter, the Authority has indicated it would be happy to apply the 1.5 per cent increase evenly across the board (i.e. for each role to receive an additional 1.5 per cent). This report therefore proposes that approach be taken by the Council in its proposal, the effect of which is seen in the table provided in paragraph 21 of this report.
5. A brief summary of the remuneration framework and rules and principles under which the Remuneration Authority works is attached (**Attachment Two**).

FINANCIAL IMPLICATIONS

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

6. With the increase in the pool there will be an increase in overall remuneration for elected members of \$27,839; comprising the \$22,662 increase as well as an additional \$5,177 to meet the increase in community board remuneration from outside the pool. Provision for a minimal increase to elected member salaries has already been made in the Draft Annual Plan 2012/13.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

7. The principal statutory provisions which apply in this instance are the Seventh Schedule of the Local Government Act 2002, and the Remuneration Authority Act 1977. Once this Council’s 2012/13 remuneration proposal has been approved by the Remuneration Authority, it will be gazetted via the Local Government elected Members’ Determination 2013.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

8. Page 156 of the LTCCP, levels of service under Democracy and Governance refers.

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ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

9. Not applicable.

CONSULTATION FULFILMENT

10. The Remuneration Authority has asked for the Council's proposal by 7 May 2012 so that the Authority can issue its Determination prior to 1 July 2012.
11. In previous years the practice has been for formal consultation to take place with the Community Boards prior to the Council considering its remuneration proposal to the Authority. This year, given the Authority's comments on the unique issues facing Christchurch and that it would accept a proposal that applied the 1.5 increase evenly across the board, formal consultation has not taken place. Instead, the Authority's letter has been sent to all Board members previously, as has a copy of this report.
12. Any person (including individual community boards) has the ability to express any opposing views they might have on the Council's final proposal direct to the Remuneration Authority. Although there is no set closing date for the lodging of such submissions with the Authority, they should be lodged as soon as possible after the Council has decided upon its remuneration proposal, as the Authority aims to deal with each application within a relatively short time-frame. The Authority will need to be advised of any dissent expressed by members of the Council, or its Community Boards, in relation to the Council's final proposal.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Adopt the salary only model as its basis of remuneration for elected members of the Christchurch City Council for the 2012/13 year.

Note: the remuneration framework requires all community board members to be paid an annual salary (i.e. there is no provision for the payment of meeting fees to community board members).

- (b) Agree that its proposal to the Remuneration Authority on 2012/13 remuneration be that the increase of 1.5 per cent be increased evenly across the board, as set out in columns D and E in the table set out in paragraph 21 of this report.

BACKGROUND (THE ISSUES)

Remuneration Framework

13. The Remuneration Authority is responsible for setting the salaries of elected local government representatives (clause 6 of Schedule 7 of the Local Government Act 2002 refers).
14. A brief summary of the remuneration framework and the rules and principles under which the Remuneration Authority works is attached as **Attachment Two**.
15. A remuneration pool fixed by the Authority is for the total remuneration for the Deputy Mayor and Councillors, and 50 per cent of the total remuneration paid to elected Community Board members (excluding Councillors as they have been appointed by the Council to community boards). Fifty per cent of the total remuneration paid to elected community board members is paid outside the pool.
16. Only one salary is payable to elected members. Thus, a Councillor who serves as an appointed member of a Community Board is paid a Councillor's salary only, and receives no additional payment for serving on the Community Board.

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17. Directors' fees paid to Councillors who serve as directors of Council-controlled organisations cannot be taken into account when considering Councillors' remuneration. The directors' fees paid to such Councillors reflect their service as directors of the companies concerned, rather than their role as Councillors.
18. The Mayor's salary is set independently by the Remuneration Authority, and is not included within the pool. Where a Mayor has partial or full private use of a car provided by the Council (as is the case in Christchurch), the Mayor's gross salary is reduced by an amount which reflects both the extent of private use and the value of the car supplied.
19. Although it is possible for the Council to recommend the payment of a mixture of salary and meeting fees to Councillors, Community Board members must be paid on a salary only basis, without meeting fees.
20. Christchurch City Council has had a salary only basis for remuneration of all its elected members since 2004.

Current and Proposed Remuneration Levels

21. The table below shows the number of elected members remunerated from the pool, the current 2011/12 remuneration and the proposed 2012/13 remuneration when the 1.5 per cent increase in the pool is applied evenly across the board:

	A	B	C	D	E
Position	Total Positions	2011/12 Individual	2011/12 Totals	(Proposed) 2012/13 Individual	(Proposed) 2012/13 Totals
Deputy Mayor	1	\$102,190	\$102,190	\$103,723	\$103,723
Councillors	12	\$88,517	\$1,062,204	\$89,845	\$1,078,140
<i>Total Councillors' salaries</i>	<i>13</i>		\$1,164,394		\$1,181,863
City CB Chairs	6	\$24,909	\$149,454	\$25,282	\$151,692
BP CB Chairs	2	\$16,440	\$32,880	\$16,686	\$33,372
City CB members	24	\$17,436	\$418,464	\$17,697	\$424,728
BP CB members	8	\$11,511	\$92,088	\$11,683	\$93,464
<i>Total CB salaries</i>	<i>40</i>		\$692,886		\$703,256
<i>less 50% outside pool</i>			\$346,443		\$351,628
Total paid from pool			\$1,510,837		\$1,533,491

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24. 2012 LOCAL GOVERNMENT NEW ZEALAND CONFERENCE

General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8462
Officer responsible:	Democracy Services Manager
Author:	Clare Sullivan, Council Secretary

PURPOSE OF REPORT

1. The purpose of this report is:
 - To seek approval for elected members to attend the 2012 Local Government New Zealand (LGNZ) Conference to be held in Queenstown from 15-17 July 2012.
 - To seek the appointment of the Council's voting delegates to the Annual General Meeting.
 - To seek whether the Council will authorise Mike Mora to attend the LGNZ Conference if a request is made.

EXECUTIVE SUMMARY

2. This year's conference will be held in Queenstown from Sunday 15 July to Tuesday 17 July 2012 with the Annual General Meeting being held on Wednesday 18 July.
3. The Council usually authorises 5-6 Councillors to attend the conference. Last year, 2011, the Council gave approval for the Mayor and Councillor Williams to attend as the presiding voting delegate and the alternative voting delegate respectively. It was subsequently resolved by the Council that Councillor Button be appointed as the presiding delegate and Councillor Livingstone as the alternative as the Mayor and Councillor Williams were unable to attend the conference. Councillors Broughton, Chen, Livingstone, and the Chief Executive were chosen to attend the conference as the Council's viewing delegates. In 2010, Councillors Broughton, Buck, Button, Shearing and Wall were chosen to attend.
4. In 2011 the Council also authorised that Mr Mike Mora attend and be paid for by the Council. A request has not yet been received from Mr Mora for the Council to authorise that he attend the conference. Mr Mora is the Zone 5 Community Board representative on the New Zealand Community Boards' Executive Committee. This position is voted on every three years by the zone 5 community boards. It has been the Council's practice for many years where the zone 5 community board representative is from a Christchurch community board to pay from Council funds for the registration of that person. The Council previously did this with Mrs Yvonne Palmer and has done this for Mike Mora who is the current representative.
5. The Council is entitled to appoint one presiding delegate with voting rights for the Annual General meeting (held on Wednesday 18 July) and an alternate voting delegate. The Council is also entitled to have up to four additional Councillors attending, being classed as viewing delegates. It is proposed that the Mayor be the presiding voting delegate, with a Councillor named as the alternate voting delegate. The rules of the New Zealand Local Government Association provide that the term "delegate" includes both an elected member and an officer of a member authority.
6. All Councillors have been supplied with a copy of the programme for this year's conference, the theme of which is "inspiring, wonderful, incredible, fantastic, brilliant, amazing, remarkable – celebrating excellence". The emphasis will be on celebrating all that's remarkable in the local government sector. Keynote speakers include:
 - Sir Graham Henry, World Cup winning rugby coach
 - Fran O'Sullivan, political commentator for the New Zealand Herald
 - Hon. John Brumby, former Premier of Victoria
 - Andrew Hamilton, Chief Executive of business growth centre The ICEHOUSE

The Prime Minister the Honourable John Key will open the conference.

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FINANCIAL IMPLICATIONS

7. Earlybird fees of \$1,385 including GST will be incurred for each voting delegate/observer appointed by the Council if registered by 14 May 2012. Accommodation and travel expenses will also be incurred. This expenditure can be accommodated within the provision for Mayoral/Councillor conference attendance and travel included in the 2011/12 Annual Plan.

LEGAL CONSIDERATIONS

8. There are no legal implications associated with the appointment of the Council's delegates/observers to attend this conference.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

9. Pages 157 and 158 of the LTCCP refer to the provision of support for elected members (which includes attendance at such conferences).

ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

10. Not applicable.

CONSULTATION FULFILMENT

11. No consultation is required.

STAFF RECOMMENDATION

It is recommended that:

- (a) The Mayor and such other elected members as may be nominated at the Council meeting, be authorised to attend the 2012 Local Government New Zealand Conference in Queenstown in July 2012.
- (b) The Council appoint the Mayor as the presiding voting delegate and a Councillor as the alternate voting delegate, and up to three Councillors and the Chief Executive attending the conference, as the Council's viewing delegates at the Annual General Meeting.
- (c) The Council authorise Mike Mora to attend the LGNZ Conference and pay for his costs.

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25. PERFORMANCE REPORT FOR THE NINE MONTHS TO 31 MARCH 2012

General Manager responsible:	General Manager, Corporate Services, DDI 941-8528
Officer responsible:	Corporate Finance Manager Corporate Performance Manager
Author:	Paul Anderson – General Manager, Corporate Services

PURPOSE OF REPORT

1. The purpose of this report is to update Council on service delivery, financial, and capital works programme performance results for the nine months to 31 March 2012. The budgets and targets in this paper are based on those approved by Council in the 2009-19 LTCCP and/or 2011-12 Annual Plan.
2. The report includes an updated overview on the expected overall financial impact of the earthquake on the Council for the year ended 30 June 2012.

EXECUTIVE SUMMARY

3. Attached are appendices showing summaries of:
 - Levels of service graph as at 31 March 2012 (**Appendix 1**)
 - Levels of service forecast to fail to meet targets (**Appendix 1a**)
 - Levels of service requiring intervention to meet targets (**Appendix 1b**)
 - Levels of service which have had targets suspended (**Appendix 1c**)
 - Financial performance as at 31 March 2012 (**Appendix 2**)
 - Significant capital projects (less than \$250,000) as at 31 March 2012 (**Appendix 3**)
 - Housing development fund and Christchurch Earthquake Mayoral Relief fund as at 31 March 2012 (**Appendix 4**).

Levels of Service

4. In the post-earthquake period, a number of level of service targets were modified by Council either using the Order in Council process or via the 2011/12 Annual Plan. A number of these levels of service were required to be brought back to Council for approval once further information was available. In addition, there are a number of further targets that are now not able to be achieved – for example due to facility closures after July 2011 (e.g. Art Gallery). Staff presented these to Council in March, however Council's direction was for the 2011/12 targets not to change from what was approved in the Annual Plan.
5. As a result, current forecasts show that CCC is likely to deliver 81.8 per cent of its levels of service to target at year end.
6. Appendix 1a lists those LOS that are forecast to fail their target, along with staff commentary. Appendix 1b lists those that targets that are marginal at present but may succeed if remedial actions are successful. Appendix 1c is a list of the suspended targets.

Financial Performance

7. The key financials for the year-to-date are summarised in the table below. This includes an additional section for earthquake response costs, which Council has resolved to borrow for in the short term and repay through deferring renewals. An expanded view of the Council's financial results is provided in Appendix 2:

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Year to Date Results				Forecast Year End Results			Forecast Carry Forward	
\$000's	Actual	Plan	Variance	Forecast	Plan	Variance	Carry Fwd	Result
Council Activities								
Operational Expenditure	276,430	285,212	8,782	382,558	382,491	-67	3,279	-3,345
Operational Funding	260,176	252,128	8,048	367,386	356,416	10,969		10,969
Ratepayer cash operating deficit	16,254	33,084	16,830	15,172	26,075	10,903	3,279	7,624
Earthquake Response								
Operational Expenditure	187,423	48,668	-138,755	232,524	58,361	-174,162		-174,162
Operational Funding/recoveries	151,438	42,987	108,451	180,419	55,161	125,258		125,258
Earthquake response borrowing required	35,985	5,681	-30,304	52,105	3,200	-48,905		-48,905
Capital Works Programme								
Works Programme Funding	41,462	47,302	-5,840	59,371	116,921	-57,550	55,000	-2,550
Works Programme Borrowing Requirement	10,691	58,748	48,057	62,590	62,155	-434	-8,807	8,372

8. The ratepayer cash operating deficit is forecast to be \$10.9 million better than budget before proposed carry forwards of \$3.3 million. This includes additional interest costs for borrowing for Council's share of the earthquake response and is a \$0.6 million increase from the December report. Staff will recommend that the surplus is applied to additional earthquake emergency and response costs incurred in lieu of additional borrowing.

9. Earthquake emergency and response costs for 2011/12 are forecast to be higher than budget by \$48.9 million, \$7.9 million lower than the December report. This is due to a review of costs resulting from the 23 December aftershock in light of better information now available and identification of further works (stop banks) which are able to be capitalised, as well as significant extra tankered waste revenue. As advised in the December report, the key reasons for the increase in emergency and response costs compared with the Annual Plan are that the Annual Plan did not include the June and December aftershock costs, maintenance of temporary services costs were underestimated, and rockfall costs have been expensed rather than capitalised.

10. The December report provided background on steps being taken by staff to minimise earthquake response costs, in particular costs associated with maintaining temporary services. This work is continuing and some key initiatives are listed below:
 - Portable toilets have been reduced to approximately 280
 - Diesel pumping outside SCIRT construction jobs has reduced to two units
 - Chlorination stopped in November 2011
 - Chemical dosing at the treatment plant is still required on Clarifiers until around the end of May 2012 when the 3rd clarifier unit will be permanently repaired and recommissioned
 - The Desalination plant has been removed from Brighton Beach and returned to Australia.

11. In addition, staff are working with CERA residential demolitions team to isolate services as soon as houses approved for demolition or removal and closing down associated underground services excluding stormwater. SCIRT are utilising catchment costings in their city wide prioritisation tool for identifying areas of highest priority.

12. The Capital Works Programme is forecast to be \$57.1 million below budget before carry forwards. Forecast carry-forwards are \$46.2 million as at 31 March, with the largest individual carry-forwards being the Western Interceptor Future Stages (\$7.2 million), Ferrymead Bridge (\$5.7 million), Main Road three laning (\$2.1 million), and the wastewater and water supply extensions to Charteris Bay (\$2.0 million). After carry-forwards, the capital works programme is forecast to be \$10.9 million under budget at year-end.

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13. The table below summarises the current estimate of the financial impact of the earthquakes on Council for 2011/12. Further detail is shown in the table following paragraph 54.

\$ million	2011/12 YTD			Forecast 2011/12				
	Actual Results	Cost	Recovery	Net Cost	Cost	Recovery	Net Cost	Plan
Emergency and Response costs	187.4	151.4	36.0	232.5	179.5	53.0	4.1	48.9
Rebuild Costs	213.1	162.2	50.9	286.8	231.0	55.7	55.6	.2
Net Cost	400.6	313.7	86.9	519.3	410.6	108.7	59.6	49.1

Operational Expenditure

14. Operating expenditure for Council activities is \$8.8 million below budget, but is forecast to be close to budget at year-end. The year-to-date variance is largely due to a continuing underspend in the maintenance of the Wastewater Collection & Treatment, Water Supply, Streets and Transport, and Parks and Open Spaces activities, as work continues to be put on hold while resources are diverted to earthquake repairs. Insurance costs are \$4.1 million below budget across the organisation, due to limited cover being available. Consultants fees and staff costs are down, particularly in City Planning and Development as are grants costs, as the Arts Centre and Heritage Incentive grants have not yet been paid out. Partially offsetting these are higher than budgeted debt servicing costs (partly due to additional borrowing for earthquake costs), and 'non-emergency/response' earthquake costs (eg. demolition processing and the Royal Commission).
15. While operating expenditure for Council activities is forecast to be close to budget overall, it is comprised of a number of largely offsetting variances. Maintenance is forecast to be \$9.7 million below budget, resulting from a continuation of factors driving the year-to-date result, while personnel costs are forecast to be \$5.8 million below budget across the organisation (due mainly to vacancies and facility closures). Consultants' fees are forecast to be underspent in the Central City Plan, UDS, and Urban Regeneration areas (a total of \$1.2 million). Insurance costs are also forecast to be below budget (\$3.1 million), as are grants costs (mainly the Arts Centre and Heritage Incentive grants, totalling \$3.1 million; these are unlikely to be paid out this financial year and will be requested to be carried forward). These savings are largely offset by an overspend on 'non-emergency/response' earthquake costs (total of \$17.1 million), and include earthquake rates remissions (\$5.5 million), consultants fees relating to building assessments (\$2.5 million) and legal costs associated with the Royal Commission (\$1.0 million). Also, debt servicing costs are forecast to be \$6.2 million higher than budget, partly as a result of Council being required to borrow funds in anticipation of government reimbursement of emergency and response costs. Expected recovery of this cost is included in Operational Funding.

Operational Funding

16. Operational funding for Council activities is \$8 million higher than budget and forecast to be \$11 million higher at year-end. The year-to-date variance is largely due to additional revenue from rates (largely offset by the cost of rates remissions) and interest revenue (reflecting an accrued recovery from the Crown of Council's earthquake-related interest costs). Partially offsetting this are revenue shortfalls in the parking, commercial property rentals, and building consent reviews and inspections areas. These same factors are also driving the year-end forecast variance, with revenue from rates in particular forecast to increase to \$7.8 million, although this will be largely offset by \$5.5 million of forecast earthquake rates remissions). Subvention receipts and dividends revenue (CCHL) are also forecast to be higher than budget (total of \$3.5 million).
17. Other variances not affecting the ratepayer cash surplus are forecast shortfalls in housing rentals and development contributions, and donations to the Earthquake Mayoral Relief Fund.

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Capital Works Programme

18. The Capital Works Programme is \$53.9 million below budget year to date, with a number of projects having been delayed due to earthquake damage. Some of the key delays are the Western Interceptor Future Stages (\$7.8 million behind budget), CWTP Biosolids Drying Facility (\$3.0 million), WW Fendalton Duplication (\$2.4 million), carriageway sealing and surfacing (\$2.1 million), the new Aranui Library (\$1.9 million), and the Ferrymead Bridge (\$1.2 million). A further \$4.2 million relates to strategic land purchases.
19. The Capital Works Programme is forecast to be \$57.1 million below budget for the full year, with the largest underspend being forecast in Wastewater Collection and Treatment (\$22.2 million), the key projects being the Western Interceptor Future Stages (\$7.5 million), CWTP Biosolids Drying facility (\$2.7 million) and the wastewater extension to Charteris Bay (\$2.0 million). Streets and Transport are forecast to be underspent by \$14.7 million, with the largest forecast underspends being the Ferrymead Bridge (\$5.7 million), Main Road three-laning (\$2.1 million), and the Carrs Road pedestrian bridge (\$1.1 million). These are partially offset by a \$1.1 million forecast overspend on the Southern Motorway and Auxiliaries project. Other projects running behind budget are the Botanic Gardens Entry Pavilion (\$1.6 million) and the new Aranui Library (\$1.5 million).
20. Also contributing to the forecast underspend is a strategic land purchases recovery of \$1.2 million higher than budget, (representing previously purchased land allocated to activities). This is a timing difference that will be addressed via the carry-forward process.
21. Net carry-forwards of \$46.2 million have been identified against a budgeted \$55 million.
22. Approval is sought to increase the budget for the Ferrymead Water Supply Booster Station by \$680,816. This project was put on hold pending review following the September 2010 earthquake. At the time of preparing the 2011/12 Annual Plan \$500,000 was removed as part of the \$50 million reduction/deferral in renewals works. This recommendation seeks to reinstate that amount with the balance being required to fund an amended pipeline route and other post-earthquake changes. The Capital Programme Governance Group has approved the funding of this change from the Governance Contingency Pool subject to Council's approval as the amount exceeds its \$300,000 delegated authority regarding project budget changes.
23. Lyttelton Harbour (including Diamond Harbour and Governors Bay) is currently serviced by a single water pumping station located on the hill at Scruttons Road, Heathcote. The Scruttons Pump station has been unable to meet the summer water demand since amalgamation. When the Ferrymead Booster is complete, Scruttons will be used to supply water to the Somes reservoir and the Ferrymead pump station will supply the Exeter pump station. This project is therefore critical to ensuring supply of water to the Lyttelton Basin.

Capital Funding

24. Development Contributions revenue is \$1.9 million below budget, and forecast to be \$2.5 million below by year-end. The amount able to be allocated to fund completed work is also forecast to be \$2.5 million below budget, as shown in Appendix 2.
25. Capital grants and subsidies are forecast to be \$2.6 million higher than budget by year-end. NZTA capital subsidies on the Streets programme are forecast to be \$1.5 million higher than budget. Also contributing to the favourable forecast variance are unbudgeted contributions from Ngai Tahu (cost reimbursement for Awatea Basin \$0.7 million); NZTA (Southern Motorway \$0.3 million), and contributions from Kiwi Income Management (Northlands Mall) and Papanui High School towards the Graham Condon Leisure Centre (total of \$0.4 million). Partially offsetting this is revenue from water connection fees, forecast to be \$0.3m lower than budget.

Operational Activities

26. The following commentary is supported by the second table in Appendix 2. This figures are combined results from Council activities and earthquake response costs. Depreciation is running ahead of plan in a number of activities due to asset impairment information not being available to enable the write down of asset values and consequent depreciation reduction. This will be addressed by year end.

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27. City & Community Long Term Policy & Planning – The year-to-date variance is largely due to an underspend on consultants fees, promotional and staff costs, mainly in the Central City Plan, UDS and Urban Regeneration areas. The activity is forecast to be \$2.1 million below budget at year-end (a total of \$2.6 million consultants/staff costs), partially offset by lower revenue from UDS cost recharges (\$0.5 million).
28. District Plan – This activity is forecast to be \$0.5 million below budget and relates to lower forecast legal and consultants fees (\$0.3 million and \$0.2 million respectively) around both Private and Council plan changes.
29. Heritage Protection – The year-to-date variance is largely due to timing around the Arts Centre (\$0.8 million) and Heritage Incentive (\$0.5 million) grants. This also makes up the majority of the forecast variance as both grants are not expected to be paid out this financial year and have been requested to be carried forward (\$1.6 million Arts Centre and \$1.5 million Heritage). Partially offsetting this are net earthquake Heritage costs which are forecast to be \$0.3 million higher than budget.
30. Energy Conservation – The year-to-date variance is a timing issues relating to the sale of carbon credits. The activity is forecast to be on budget at year-end.
31. Community Grants – The year-to-date variance is a timing issue due to grants being paid out later than planned. The activity is forecast to be close to budget at year-end.
32. Social Housing – This activity is \$0.7 million favourable to budget, due to maintenance and operating costs being \$1.5 million below budget (\$1.1 million of which are insurance costs), partially offset by rental revenue, which is \$0.8 million lower than budget (this is forecast to increase to \$1.3 million by year-end, as the number of unoccupied units as a result of earthquake damage has now reached 400+).
33. Civil Defence and Emergency Management – The year-to-date and forecast variances reflect an increase in the accrued earthquake recoveries following a detailed review during the last quarter, mainly in the Operations and Logistics areas of the EOC. The position shows as an over-recovery in the current year as most of the related expenditure was incurred prior to 30 June 2011.
34. Art Gallery and Museums – This activity is under budget and forecast to remain so due to the closure of the gallery and fewer exhibition projects provided.
35. Libraries – The year-to-date and forecast variances are due to insurance premium savings with limited cover in place and lower staff costs as a result of staff working on other business units and earthquake related projects.
36. Neighbourhood Parks – This activity is forecast to be \$1.2 million higher than budget, largely as a result of earthquake-related Parks costs of \$1.4 million (net of recoveries), however this is partially offset by \$0.3 million higher revenue from cell site rentals.
37. Garden and Heritage Parks – This activity is \$0.5 million below budget, mainly due to an underspend on maintenance costs. A \$0.3 million catch-up is forecast by year-end.
38. Waterways and Land Drainage – The year-to-date variance reflects net earthquake costs \$1.0 million higher than budget, partially offset by an underspend on normal Council activities of \$1.2 million due to maintenance works put on hold. The activity is forecast to be \$5.0 million higher than budget, with \$4.9 million relating to earthquake costs where no recoveries are available (such as river dredging), while normal Council activities are forecast to \$0.5 million lower. Depreciation costs are forecast to be \$0.6 million higher than budget.
39. Harbours and Marine Structures – The favourable forecast variance represents the current estimate of the additional revenue expected from cruise ship fees.

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40. Parks & Open Spaces Capital Revenues – The year-to-date variance reflects higher earthquake capital recoveries (\$2.4 million), mainly due to recoveries on stormwater costs moved from operational to capital. Development contributions are \$1.7 million below budget (Parks \$1.4 million below and Waterways & Wetlands \$0.3 million below). Also included is an unbudgeted payment from Ngai Tahu of \$0.7 million (cost reimbursement for Awatea Basin). The year-end forecast reflects earthquake capital recoveries of \$8.7 million higher than budget (largely riverbank works), partially offset by cash development contributions which are forecast to be \$1.5 million below budget (Parks \$1.1 million and Waterways & Wetlands \$0.4 million).
41. Recreation & Sports Services – This activity is forecast to be \$1.0 million higher than budget, largely due to depreciation costs forecast to be \$1.7 million higher than budget. However this is partially offset by \$0.7 million of savings in operating and maintenance costs, in addition to higher admittance and pool programmes revenue.
42. Recreation and Leisure Capital Revenues – The year-to-date and forecast variances are largely due to capital contributions towards the Graham Condon Leisure Centre (\$0.4 million) from Kiwi Income Property Trust (Northlands Mall) and Papanui High School (\$0.2 million respectively).
43. Refuse Minimisation & Disposal Capital Revenues – The current unfavourable variance of \$2.1 million is a reversal of 2010/11 recoveries relating to the set up of the Burwood Resource Recovery Park, which is now not forecast to occur.
44. Regulatory Approvals – The year-to-date variance is driven by net earthquake costs (\$8.2 million) and is made up of geotech costs (\$5.9 million), earthquake building consents and inspections (\$1.2 million), and a further \$1.0 million of costs associated with Royal Commission. Normal Council activities are \$1.0 million higher than budget, mainly in the building consents, building inspections and code compliance certificate areas. Net earthquake costs are forecast to increase to be \$11.9 million higher than budget (\$8.6 million geotech, \$1.6 million building consents & inspections, \$1.4 million Royal Commission, and \$0.3 million miscellaneous earthquake administration work). Normal Council activities are forecast to be \$2.8 million higher than budget, mainly due to lower revenue forecast in the Building Consents and Building Inspections areas.
45. Road Network – This activity is \$8.6 million over budget, due to earthquake costs (net of recoveries), and depreciation costs (\$7.0 million and \$2.9 million higher than budget respectively), partially offset by an underspend on normal business operations (\$1.3 million), mainly due to higher commercial rent revenue from cell sites and higher NZTA operational subsidies. Net earthquake costs are forecast to increase to \$8.1 million higher than budget, while depreciation costs are forecast to reduce slightly to \$2.7 million higher. Normal business operations forecast to be \$2.7 million lower than budget, mainly in the Kerb & Channel and Carriageways areas.
46. Parking – Excluding depreciation costs (forecast to be \$0.3 million below budget), this activity is forecast to be \$0.5 million unfavourable to budget at year-end, which mainly relates to Off-Street parking (revenue \$0.9 million lower than budget, partially offset by lower operating/staff costs of \$0.4 million). This is due to expected delays in re-opening the Art Gallery car park (now not expected to be open before July 2013), and the Hospital car park, which is currently closed).
47. Streets and Transport Capital Revenues are \$58.2 million below budget, \$55.8 million of which relates to NZTA capital subsidies and insurance recoveries relating to the infrastructure rebuild, however this is offset by \$58.4 million of NZTA recoveries (shown under Corporate Revenues and Expenses) being the NZTA portion of the SCIRT setup/overhead costs, which are yet to be allocated to roading. EQ capital recoveries are forecast to be \$3.5 million below budget at year-end. The balance of the YTD variance is largely Streets (non-EQ) NZTA capital subsidies which are \$2.6 million behind budget, however these are forecast to increase be \$1.5 million higher at year-end.

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48. Wastewater Collection – The year-to-date variance is largely due to earthquake costs (net of recoveries) and depreciation costs (\$25.2 million and \$2.0 million higher than budget respectively), partially offset by an underspend on normal Council activities of \$2.1 million as resources continue to be diverted to earthquake repairs. While a slight increase in the normal Council activities underspend is forecast (\$2.3 million at year-end), net earthquake and depreciation costs are forecast to increase to \$33.7 million and \$2.9 million higher than budget respectively.
49. Wastewater Treatment & Disposal – The favourable year-to-date variance is due to higher than budgeted revenue from Tankered Waste charges (\$4.7 million) and operating/maintenance cost savings due to the BioSolids plant not operating at full capacity, in addition to energy cost savings at the CWTP (total of \$2.4 million). Partially offsetting this however, are depreciation costs which are \$1.3 million higher than budget. These are also the main drivers of the forecast variance, with tankered waste revenues in particular forecast to increase to \$5.2 million higher than budget by year-end.
50. WW Collection & Treatment Capital Revenues are \$79.1 million below budget, being revenues related to the infrastructure rebuild (\$45.6 million CWTP, \$31.1 million WW Reticulation and \$2.1 million Pump Stations). Earthquake capital revenues are forecast to be \$11.9 million lower than budget, mainly around oxidation pond works where the recovery from Civic is capped, while cash development contributions are forecast to be \$0.3 million below budget at year-end.
51. Water Supply – The year-to-date variance is due to net earthquake costs and depreciation costs (\$4.0 million and \$1.1 million higher than budget respectively) partially offset by an underspend on Council activities of \$2.0 million as work remains focused on earthquake repairs. Net earthquake and depreciation costs are forecast to remain close to current levels, while the normal Council activities underspend is forecast to increase to \$2.5 million lower than budget.
52. Water Supply Capital Revenues are \$7.7 million below than budget, \$7.5 million of which is due to earthquake capital revenues related to the infrastructure rebuild, while cash development contributions are \$0.2 million lower.
53. Corporate Revenues/Expenses are forecast to be \$48 million less than budget, mainly due to the removal of \$52.2 million of earthquake recoveries (Civic Insurance) relating to the facilities rebuild. The balance is due to favourable forecast variances relating to rates revenue (\$7.8 million), interest revenue (\$1.4 million), subvention receipts/dividends revenue (total of \$3.5 million) and earthquake fund donations (\$1.7 million). Partially offsetting this however are interest expense and earthquake rates remissions, which are forecast to be \$6.2 million and \$5.5 million higher than budget respectively.

Earthquake Costs

54. Emergency and earthquake response costs are forecast to be \$53 million, \$48.9 million higher than plan in 2011/12, largely as a result of the 13 June and 23 December aftershocks.

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2011/12 Forecast Earthquake cost and recovery details:

	2011/12 Forecast (\$m)						
	Cost	Recoveries					Balance
		Civic	LAPP	DIA/CERA	NZTA	Other	Council
Infrastructure Rebuild							
Roading	102.7	-	-	-	76.3	-	26.4
Sewer	63.5	-	25.4	38.1	-	-	-
Water	14.2	-	5.5	8.2	-	-	.5
Stormwater	16.8	-	5.2	10.1	-	-	1.6
WIP / Alliance setup costs unallocated	-	-	-	-	-	-	-
Total	197.2	-	36.0	56.4	76.3	-	28.5
Other Assets and Insured Costs:							
Buildings and Facilities (Civic Assurance)	9.2	2.2	(.8)	(1.2)	-	.0	9.1
Sewer above-ground assets (Civic Assurance)	73.8	50.6	3.5	5.3	-	-	14.4
Water above-ground assets (Civic Assurance)	-	-	-	-	-	-	-
Stormwater above-ground assets (Civic Assurance)	-	-	-	-	-	-	-
Park Facilities (Civic Assurance)	-	-	-	-	-	-	-
Council Buildings / Infrastructure - shortfall allowance	-	-	-	-	-	-	-
Uninsured Assets (Parks, Stormwater)	6.5	-	-	-	2.7	-	3.8
Total	89.6	52.9	2.7	4.0	2.7	.0	27.3
Emergency & Response Costs:							
Roading Emergency Work	31.6	-	(.0)	(9.7)	36.3	-	4.9
Welfare and other Emergency Work	4.7	-	6.6	(1.2)	-	.0	(.6)
Other Response Costs	43.7	19.8	-	17.1	.1	1.3	5.4
Roading Temp Maintenance Works	15.2	(.0)	(.6)	(.9)	11.2	.0	5.5
Non-Roading Temp Maintenance Works	121.0	(.4)	16.5	65.4	-	6.4	33.0
Demolition Costs	(.0)	-	-	(.1)	-	(.0)	.1
Rockfall	14.1	-	-	2.9	1.9	-	9.3
Increased Costs of Working	(.6)	1.4	-	-	-	5.4	(7.4)
Staff/Other internal costs charged to Emerg/Resp	7.6	-	-	-	-	-	7.6
Less costs budgeted in Council activities	(4.8)	-	-	-	-	-	(4.8)
Total	232.5	20.7	22.5	73.6	49.6	13.1	53.0
Grand Total	519.3	73.6	61.2	134.1	128.6	13.1	108.7

55. Staff have been in ongoing discussions with CERA and NZTA on cost sharing arrangements for the future. Government has not yet finalised its position but it is expected that an update will be ready to incorporate into a revised estimate for Council in May 2012. Council staff will continue to work with Government officials in the lead up to the 2013/22 Long-Term Plan to finalise the Crown / Council cost sharing arrangements.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

56. Yes.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

57. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

58. Both service delivery and financial results are in direct alignment with the LTCCP and Activity Management Plans.

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Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

59. As above.

ALIGNMENT WITH STRATEGIES

60. Not applicable.

CONSULTATION FULFILMENT

61. Not applicable.

STAFF RECOMMENDATIONS

It is recommended that Council:

- (a) Receive the report.
- (b) Approve the transfer of budget of \$680,816 from the Governance Contingency Pool to the Ferrymead Water Supply Booster Station project to enable completion of this capital works project.

26. NOTICES OF MOTION