

## Introduction

This 1998 version of the Council's Plan summarises the services which the Council intends to provide and the projects it plans to implement for the 12 months from July 1998. It also provides an outline of the Council's general intentions for the four years following that.

This Plan is the outcome of the public consultation process which began with the publishing of the Draft Plan in April. It includes all the changes resulting from submissions and representations from Community Boards, interested organisations and the public at large. These changes are scheduled on pages 16 to 17.

## Where We Are Headed

The Council plans to efficiently deliver high quality services in a way which is responsive to varying local needs. It also plans to reflect and lead change in a way which improves the quality of the city as a place to live. This means providing Christchurch people with access to sport, entertainment, cultural and learning opportunities which compare favourably with those in cities of a similar size. The Council also plans to promote the growth of jobs and local business opportunities as well as protecting and developing Christchurch's unique character, its infrastructure and the quality of its environment.

## Changing Priorities and New Initiatives

The Council proposes a rate increase of 1.95%. This increase will help fund \$226.37M of operating expenditure and a capital programme of \$99.67M.

Important new initiatives and projects which have been included in the Plan are detailed below:

- **Celebration of the Millennium New Year's Eve.** \$180,000 in 1998/99 and \$520,000 in 1999/00 has been set aside for the Millennium New Year's Eve celebration. The Council wants to ensure that this is the premier Millennium event in the South Island. They want to encourage local people to stay at home for the event and also to attract visitors from other parts of the South Island to join in the celebrations. To achieve these objectives it is planned to bring up to three popular overseas entertainers to Christchurch and to provide a series of spectacular fireworks displays throughout the evening.
- **QE II Redevelopment.** The Council has been concerned for some time about the need to carry out remedial work prior to any expansion of the QE II facilities. QE II is now 25 years old and a preliminary survey has highlighted the need for remedial work. Funds have been allocated over the next four years to carry out this work conditional on a master plan being completed prior to July 1998. In addition to the remedial work, the Council will also enhance the facility by building a leisure pool and redeveloping the large pool to current international standards. The total cost will be \$19.3M.
- **Cycleways and Cycling Promotion Projects.** The Council has set itself a target of increasing commuter cycling from the current level of 8.5% of commuters to 20% within four years and school cycling from 40% to 70% of secondary pupils. This will be achieved by implementing a two pronged strategy - improving cycle facilities (engineering projects) and promoting the benefits of cycling by using these facilities.
- **Earthquake Strengthening of Christ Church Cathedral.** This Plan includes \$1M spread over five years for

earthquake strengthening of Christ Church Cathedral. This grant recognises the importance of the Cathedral as the premier heritage building in the city. The work will entail strengthening in the rafters in the north and south side aisles, and bracing of the walls at either end, which will significantly reduce the risk of earthquake damage.

- **Events Promotion Fund.** Funding of \$100,000 has been provided in years 1, 2 and 3 to secure shows and events for Christchurch. The events or shows being targeted are those which would not normally come to Christchurch. These events or shows may, however, provide significant social or economic benefits to the community. Promoters and venue managers base any decision to bring overseas artists to Christchurch purely on a commercial rate of return and do not take into account the wider social and economic impact.

There is currently no separate funding source available for the Council or the contracted venue managers, NCC (NZ) Ltd. This fund will provide risk or guarantee capital to ensure such events and shows are able to come to Christchurch.

- **Fire Safety Initiative.** This \$70,000 project will see smoke alarms supplied to homes that can not afford them and installed in homes where householders are unable to put them up. The project will involve the Council, Fire Service and a community group.
- **Additional Footpath Maintenance.** As explained in the Strategic Statement volume which accompanies this Annual Plan, the Council has agreed service level standards for the maintenance of all its assets. The target standard for footpaths requires that each year 120 kms of paths be resurfaced; this length gives an overall renewal cycle of 18 years. At the present time the renewal of footpaths is at a rate of 110 kms each year. Given the importance which the community attaches to footpaths, this plan includes an additional \$85,000 in 1998/99 and \$170,000 from 1999/2000 onwards to achieve the renewal rate of 120 kms per year by 1999/2000.

## Lancaster Park/Jade Stadium Redevelopment

This Plan provides Council support for the redevelopment of Lancaster Park. Support is by way of a \$4M capital contribution over three years plus underwriting of the net cost of the project. Council support is conditional on a range of other funding measures being available, a significant part of which will require commitment on the part of park users. The Council has set tough conditions on this proposed financial package.

The key conditions are as follows:

1. Full public consultation via the 1998 Draft Plan process. (This condition has now been met.)
2. The project being required to be designed, built and equipped within a maximum cost level of \$35M with provision for a \$5M contingency.
3. Firm commitments being received of external funding from a mix of naming rights, the sale of suites, club and prime seating and community fundraising which will produce firm commitments for cashflows of no less than:

1998/99	\$200,000
1999/00	\$300,000
2000/01	\$2,500,000
2001/02	\$2,750,000

Plus an additional \$2M within the same four year period.

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4. A substantial Lotteries Board grant being approved.
5. Market research indicating the potential to increase revenue from suites, club seats and prime seats to no less than \$3M in the fifth year of operation.
6. That rugby and cricket agree to a rental package for the sports ground and facilities which achieves the same or a better outcome than a seat levy in meeting the revenue expectations of the Council.
7. That the roll-over term for the Canterbury Rugby Football Union and the Canterbury Cricket Association loans to the Victory Park Board be three years (not 10 years as previously proposed) and this be reviewed prior to the expiration of the three year term.

Under the proposal the City Council would acquire ownership of the physical assets of Lancaster Park and control its future operation whilst the Victory Park Board would retain ownership of the land.

The rationale for Council involvement is the near certainty that major international rugby matches will not be held in Christchurch without the stadium upgrade. This would not only deny Canterbury people the opportunity of seeing big matches and enjoying the atmosphere which they generate, but also cost the city spending and jobs. It is estimated that a major rugby Test Match is worth almost \$18M to the local economy. Such matches bring literally thousands of visitors to the city for at least one night and so have a wide benefit to the local hospitality and transport industries.

### Debt Levels and Capital Restructuring

The Council proposes to reduce its debt by a capital repatriation from its trading entities. Provision has been made for capital repatriation of \$134M during 1998/99. This is in addition to the repatriation of \$15M which was recently announced by the Lyttelton Port Company. \$3M of the funds to be repatriated next year will come from Christchurch Transport Limited and the balance from Southpower. The \$131M from Southpower includes \$67M which relates to the repayment of money (in the form of convertible notes) owing by Southpower to the Council. The remaining amount from Southpower is capital considered surplus to the company's needs, and therefore is more appropriately returned into the hands of the Council.

In setting up its companies, the City Council left Southpower with minimal debt and injected a significant capital sum into the Lyttelton Port Company to help finance the redevelopment of the container terminal. In the case of all the Trading Enterprises, the City Council took only modest dividends during the years when they were being established. The Airport Company was established with modest debt and it has taken care to build the financial strength of the Company so it has been able to finance the construction of the major new terminal buildings from its own resources. This policy of building the financial strength of the Trading Enterprises - distinctly different from the model established by Central Government with its SOEs - has now enabled these Companies which do not have a heavy investment demand in the medium term to repatriate surplus capital to the City Council, via Christchurch City Holdings.

While the City Council's long term strategy has been well understood by the Boards of the various Trading Companies, the decision as to timing and amount of capital repatriation has been wholly the responsibility of the Directors of the respective Companies, who are bound to act in the best interests of the Company, as well as creating wealth for their shareholder. It is interesting to note that many in the commercial world have been supportive of the Council's plans

for capital restructuring. An appropriate mix of debt and equity, on the company balance sheet, is a well established commercial principle.

All of the funds to be repatriated to the Council via CCHL will be applied to the reduction of City Council debt. The scale of the capital repatriation exceeds the Council's current debt; given the capital requirements during the 1998/99 financial year the debt level at June 1999 will be \$14M. It is the elimination of the cost of this borrowing which the Council would otherwise have carried which has enabled the reduction in planned rate rises.

### Continuing Progress in Priority Areas

The above paragraphs have focused on areas of changing priority and new initiatives. They are additional to and not at the expense of the policy directions and initiatives which the Council has developed over the last five years.

These include the following:

- The Council is committed through its Asset Management Plans to ensuring that the city's basic infrastructure provide predetermined levels of service. The Plan provides \$28M for this year's renewal programme. In physical terms the details of this renewal programme are quite significant and include 20 kms of kerb and channel renewal, 6 kms of carriageway smoothing, 9 kms of watermain renewal, 20 kms of sub-main renewal, 6.5 kms of sewer renewal and maintenance of 5,274 hectares of parks.
- A capital programme of \$34M per annum committed to improving the city's basic infrastructure. This involves hundreds of local schemes, the implementation of which is overviewed by the community boards. High quality roads, parks and basic services are a principal priority.
- Kerbside Recycling. During May, June and July households were issued with recycling bins as well as the traditional issue of 52 black refuse bags. Materials for recycling will be handled by Recovered Materials Foundation (RMF) at Parkhouse Road. The RMF brings together commercial, community sector and Council interests under a single umbrella to find uses for recycled materials, with a particular focus on those which will foster local industry and create jobs. The additional cost of recycling and materials recovery is \$1.19M operational expenditure and \$1.31M capital. It is expected that as markets are developed for recovered materials, the cost of this will be reduced.
- Bromley Sewage Plant Upgrade. \$29.5M will be spent on upgrading the Bromley Sewage treatment plant over the next five years. This will both allow further city growth and will also raise the standard of effluent from the Treatment Works into the estuary. Although Bromley has long been in the forefront within New Zealand in terms of quality, we live in a time when constantly higher environmental standards are demanded. The upgrade will ensure the city retains its position at the forefront with improvements to the quality of treated water discharged from the works and the eradication of odour problems which do occur from time to time adjacent to the works.
- Smog Free City. A total of \$1.9M spread over four years has been included in this Plan for Clean Air and Energy Efficiency Initiatives. The Programme will include grants to enable users of open fires and coal burners to convert to cleaner technologies. The Energy Efficiency and Conservation Authority (EECA) has also made available from the Energy Saver Fund money to use as

incentives for thermal insulation of houses participating in the programme. The combination of changing to cleaner forms of home heating combined with improving thermal insulation is a major step forward towards a smog free city.

- **A Child Friendly City.** Developing and implementing the Council's Children's strategy continues with further investment in new initiatives, which enhance the city for children and their families.

The Kidsfun After School Programme will continue to be developed. Many schools are benefiting from working in partnership with the Council in developing projects such as after school and environmental programmes. Partnerships with businesses will also continue to be developed. The Field Workers in Schools project has received enthusiastic endorsement from schools and will be expanded further by central government.

Increasingly children's views and perspectives are being taken into account when policies and programmes are developed.

The appointment of a Youth Advocate is helping to highlight youth issues as well as facilitating increased involvement by youth in local government decision making.

- **Electric Buses For City Centre.** Three environmentally friendly electric buses will become a feature of Christchurch streets in the spring. The free buses will operate on a route linking the Town Hall/Convention Centre/Casino with Science Alive/Hoyts 8 travelling along Colombo Street. The shuttle will accommodate 20 seated and 20 standing passengers, super low floor access and space for wheelchairs. The shuttles will run from 8.00 am until 10.30 pm, and until midnight on Fridays and Saturdays. The shuttles will cost \$450,000 per annum.
- **Cathedral Square Upgrade.** Construction of the \$8.3M Cathedral Square Redevelopment project is spread over four stages with completion expected in October 1999. Cathedral Square is the city's most important gathering place, principally for the benefit of pedestrians but also as a destination for public transport, and as such must be attractive, safe, secure and welcoming. The redevelopment includes complete repaving with granite which reflects the importance of the city's premier public space in the Christchurch environment. Increased landscaping, additional seating, improved lighting and more emphasis on pedestrian areas are features of the redevelopment. The redevelopment will allow the use of peripheral spaces around the Square and, in particular, provide for a 'spilling out' into the Square.
- **WestpacTrust Centre.** The new facility, already quite a landmark, will open in September. The Centre will be managed for the Council by NCC (NZ) Ltd, in conjunction with the Town Hall and Convention Centre. Capable of seating up to 8500, the Centre's highest profile use will be for concerts and major sporting events. More big name artists will now be able to include Christchurch on their concert itineraries. The Centre enables Christchurch to host the 1999 World Netball Championship. It also allows the city to bid for international conventions which require a large covered venue for either exhibition space or a conference banquet, additional to the meeting halls available at the Town Hall-Convention Centre.

- **Centennial and Pioneer Pools.** Construction of the new pools will begin in the near future and will be completed around April 1999. This will not only introduce a new style of leisure pool to Christchurch but will also provide much better access to indoor swimming facilities for the many residents - including children - who live a long distance from existing pools.

- **Fendalton and Spreydon Libraries.** The co-location of the Fendalton Library and Service Centre will be substantially completed during the year. The Fendalton Library has been overcrowded for some years. With 521,505 issues it is busiest of the suburban libraries and the current building has significant health and safety deficiencies. \$2.35M has been included for this project. Spreydon Library (at Barrington Mall) has also suffered badly from overcrowding for some years and there is provision of \$1.2M to address this, with the bulk of the construction likely during this year.

- **New Brighton Pier and Library.** The Council has backed the community initiative and given financial support to the New Brighton Pier. With the pier having been open for several months, it is already evident that visitors to New Brighton have increased and the private sector is investing in the commercial area on a scale not seen for many years. This plan provides for the construction of the pier terminus building, which will accommodate a new library as well as retail and cafe facilities.

- **Facilities To Meet Changing Demand.** Included within this Plan are a wide range of both new facilities and facility improvements at the community level. Examples include:

**Phillipstown Community Centre.** This is a partnership between the Community and the Council funded by the Community Trust and the Council. Situated in the grounds of the Phillipstown Primary School, its aim is to establish a community facility focused on social interaction. It will also provide meeting rooms for courses, as well as for general community use.

**Sumner Library.** The Council is changing the Sumner Library from a Voluntary Library to a Community Library. To facilitate this, an internal refit will be carried out to modernise the library operation.

## Effectiveness, Efficiency and Economy

In adopting the 1997 Plan the Council resolved that the effectiveness and efficiency of the Council operations be reviewed. It is pleasing to note that efficiencies achieved to date total \$775,340 and these have been reflected in the Draft Plan. (See page 22 for a detailed list of these achievements.) This work is ongoing and will result in further savings being identified.

## Finance and Funding

The Council's finances are very soundly based. This was confirmed by the AA credit rating which the Council received in December of last year from the international credit rating agency Standard and Poor's.

The capital repatriation from the trading activities will mean there will be a significant reduction in borrowing for new works over the next four years.

The financial projections all sit comfortably within the four financial ratio limits. These ratios which are part of our Financial Management Policies outlined on page 13 are



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designed to ensure that our debt and expenditure levels are constrained.

For the first time the Council is projecting an operating surplus. This is in line with the policy adopted in 1994. The surpluses which will be generated from next year onwards will help to progressively reduce the need to borrow for capital works. They will also make a significant contribution to the annual repayment of debt.

### Christchurch : A Great Place to Live

The Council's overall objective is to make sure that Christchurch continues to be a great place to live. This Plan with its new initiatives and its ongoing priorities aims to do just that!

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Oxford Terrace which is being further developed to accommodate more street cafe dining.