



**STRATEGY AND FINANCE COMMITTEE
20. 11. 2014**

**A meeting of the Strategy and Finance Committee
was held in the No. 1 Committee Room
on 20 November 2014 at 1pm.**

PRESENT: The Mayor (Chairperson)
Councillors Raf Manji (Deputy Chairperson), Vicki Buck, Jimmy Chen,
Phil Clearwater, Jamie Gough, Yani Johanson and Andrew Turner.

IN ATTENDANCE: Dr Karleen Edwards, Chief Executive Officer.

APOLOGIES: An apology for early departure was received and accepted from The Mayor who retired from the meeting at 2.17pm and was absent for clauses 4, 5, 6, 7, 8, 9, 10, 21, 22, 23, 24, 25.

An apology for early departure was received and accepted from Councillor Gough who retired from the meeting at 2.24pm and was absent for clauses 4, 7, 8, 9, 10, 21, 22, 23, 24, 25.

An apology for early departure was received and accepted from Deputy Mayor Vicki Buck who retired from the meeting at 2.26pm and was absent for clauses 7, 8, 9, 10, 21, 22, 23, 24, 25 and part of Clause 6.

The Committee reports that:

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. DEVELOPMENT CONTRIBUTIONS – LIBRARY AND LEISURE CHARGES

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Planning Officer, Strategy and Planning		Diane Campbell 941 8281
Officer responsible:	Resource Consents Manager		
Author:	Resource Consents Manager	Y	John Higgins, 941 8224

1. PURPOSE AND ORIGIN OF REPORT

1.1 The purpose of this report is to seek confirmation on whether to require developers to pay the libraries and leisure components of development contribution charges from 1 July 2014 through to 7 August 2014.

2. BACKGROUND

2.1 Development contributions are payable in accordance with the Development Contributions Policy 2013-22 (DCP) for developments that generate additional demand on Council infrastructure. Development contributions are assessed at the time a consent application or service connection is lodged with the Council.

2.2 Through the 2014/15 Annual Plan process in 2013, the Council amended the 2013 DCP to include development contribution charges for libraries and leisure facilities. This change took effect from 1 July 2014.

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- 2.3 Parliament has recently amended the Local Government Act 2002 (LGA) relating to development contributions. The changes took legal effect from 8 August 2014. These changes mean that the Council cannot now include libraries and leisure charges in development contribution charges from the date the amendments took effect. The law change takes precedence over the DCP.
- 2.4 There is an amount of approximately \$426,000 additional charges resulting from the libraries and leisure components for the period of 1 July 2014 through to 7 August 2014.
- 2.5 The uncertainty associated with the timing of the LGA amendments resulted in assessments from 1 July 2014 to 17 July 2014 not including libraries and leisure charges (originally the LGA amendments to prevent these charges were to take effect from 1 July 2014). This amounts to approximately \$348,000 that the Council would require from developers.
- 2.6 From 18 July 2014 to 7 August 2014 the additional charges have been correctly included in assessments totalling approximately \$78,000 which, when combined with that not charged in paragraph 2.5, adds up to the \$426,000.

3. COMMENT

- 3.1 It is entirely lawful for the libraries and leisure charges to be included in development contribution assessments between 1 July 2014 and 7 August 2014.
- 3.2 However, it is a relatively short period where libraries and leisure charges have been included in development contribution assessments – five weeks in total. This raises issues of fairness associated with requiring what amounts to about \$3,500 additional per unit to only those developers who had their assessments processed in these five weeks.
- 3.3 Furthermore, due to uncertainty over the LGA changes, assessments have been completed between 1 July and 17 July 2014 without charges for libraries and leisure. These assessments would need to be revised and the recipients of the original assessments requested to pay an additional amount to that already advised.
- 3.4 There is also the potential for developers to withdraw their application for consent or service connection and resubmit a new one for the same project in order to avoid the charge. This would create additional work for both the developer and Council on already stretched resources.
- 3.5 For these reasons it is considered that on balance libraries and leisure charges should be removed from the five weeks of assessments. While the Council is entitled to charge these components, the timeframe in which they could be charged is very short and creates inconsistency with those developments either side.

4. FINANCIAL IMPLICATIONS

- 4.1 The Council would not recover \$426,000 of development contribution charges for growth infrastructure. For context, the annual development contribution take is approximately \$20.2 million.

5. COMMITTEE AND STAFF RECOMMENDATION

It is recommended to the Council that:

- 5.1 Development contribution assessments from 1 July 2014 to 17 July 2014 are not revised to include the libraries and leisure charges.
- 5.2 Development contribution assessments from 18 July 2014 to 7 August 2014 are revised to exclude the libraries and leisure charges

2. POLICY ON STRUCTURES ON ROAD AMENDMENT – STRUCTURES ENCROACHING ON AIRSPACE OF PUBLIC ROAD LAND

		Contact	Contact Details
Executive Leadership Team Member responsible:	Culture, Leisure & Parks General Manager	N	
Officer responsible:	Unit Manager, Asset and Network Planning	N	
Author:	Philip Basher, Transport Policy Engineer	Y	DDI 941 8605

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 To review the application process to allow overbuilding above the airspace of public road land for the purpose of increasing a building's floor area.
- 1.2 To revise the Council's policy position by incorporating into the Policy on Structures on Roads 2010 (**Attachment 1**) new text about the occupation of the airspace of public road land where the encroachment is limited and does not otherwise interfere with the lawful use of the road. This report has been prepared to ensure that a general policy is in place to simplify the current process where each proposal requires a Council decision (with the advice of the relevant Community Board).
- 1.3 The reasons for this review and the proposed amendments to the Council's Policy on Structures on Roads (**Attachment 1**) was highlighted in the recent report to the Environmental Committee meeting on 26 August in the respect of a request to occupy airspace at 169 Madras Street
- 1.4 At its 3 October 2013 meeting the Council resolved to defer to the incoming Council the request to amend the Structures on Roads Policy in respect of increasing floor space through the occupation of airspace above legal road as follows:

“23. REPORT OF A MEETING OF THE ENVIRONMENT AND INFRASTRUCTURE COMMITTEE: MEETING OF 5 SEPTEMBER 2013

(2.) OCCUPATION OF AIRSPACE – HEREFORD HOLDINGS LIMITED

2. *The recommendation to:*

- (c) *Grant a general delegation to the Chief Executive or nominated manager to negotiate terms and conditions (including Licence fee) for the duration of the re-build of the central city for any other application that is covered under Clause 2.3*
Use of the airspace over roads for the increasing the floor area of a building of the Policy on Structures on Roads 2010 subject to:
 - (i) *Engineering plans being approved by the Asset and Network Planning Unit Manager;*
 - (ii) *Approval from the Urban Design Panel; and*
 - (iii) *A formal Deed of Licence for the Occupation of Airspace being entered into.*

be referred to the incoming Council. “

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2. EXECUTIVE SUMMARY

- 2.1 It is crucial for the Council to review and update its Policy position for applications to occupy the airspace over public road either to allow architectural features or to increase floor area. This is increasingly necessary in regard to the applications the Council is now receiving for new builds, particularly in the Central City. This report excludes other structures encroaching the airspace above roads such as verandahs and air bridges.
- 2.2 Firstly it is felt that the Council's policy on use of road airspace for architectural features, such as balconies, oriel windows, egress facilities, and building service plants, requires review. Recently there have been exceptional cases (Oxford Terrace) which have sought balconies built over road airspace that increase floor space of outdoors dining and/or drinking. Examples of this type would not be classified as an architectural feature instead they would be categorised as an increase in floor area. The delegated authority for architectural features is devolved onto the Chief Executive or a nominated manager (**Attachment 1, see section 2.2**).
- 2.3 Secondly the Council's policy on the occupation of road airspace specifically to increase the floor space (**Attachment 1, see section 2.3**) will not generally grant rights to airspace except under exceptional circumstances. The delegated authority remains with the Council under the advice of the relevant Community Board. This report is seeking to review the delegated authority and recommend this prerogative passed to the Chief Executive or a nominated manager in most cases.
- 2.4 This report has been prompted by the increased volume of redevelopment proposals, particularly in the central City. So far there have been at least two cases for which the Council's approval has been sought:
- 2.4.1 Hereford Holdings Ltd Cashell Mall/Oxford Terrace - 3 October 2013.
2.4.2. 169 Madras Street - 26 August 2014.
- 2.5 There are at least two further proposals which are likely to seek overbuilding above the road consent; at corner of Hereford Street / Oxford Terrace and the Box on the corner of St Asaph Street and Madras Street.

3. BACKGROUND

- 3.1 For structures in the subsoil below the surface of the public road or airspace above the road surface local authorities have an expressed power to grant leases under Section 341 of the Local Government Act 1974:(1) Subject to section 357 (2) the Council may:
- (a) grant a lease to any person of the airspace or any part of the airspace of any road; or
(b) grant a lease to any person of the subsoil or any part of the subsoil beneath the surface of any road;
Provided that no such lease shall be granted for any person that would be contravening any provision of the Resource Management Act 1991.
- 3.2 Section 357 (2) reads that the Council shall not authorise or suffer any encroachment on a road that would or might interfere with or in any way obstruct the right of Crown, or any person so authorised by any Act to construct, place, maintain, alter, remove, or otherwise deal with any electric wires, telephone wires, telegraph wires, pneumatic tubes, or gas pipes on, over, or under the road, except with prior written consent of the Minister of the Crown, the person, or principal administrative officer of the body who or which is responsible for any such services or utilities.
- 3.3 Another issue is the term of a lease granted under Section 218 (1) of the Resource Management Act 1991 would provide that any lease of land (which is presumed to include road) for more than 35 years (including renewals) will constitute a subdivision requiring subdivision consent. Specific survey advice would be necessary as a deemed subdivision requires a survey plan in each instance. The Council would not consent to lease any road land in excess of 35 years, hence avoiding subdividing this valuable resource.

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- 3.4 Under the Local Government Act 1974 (section 357) there must be no interference with utilities installed in the legal road. Any such lease should contain an indemnity by the lessee in favour of the Council against the risk of damage.
- 3.5 The Council's Policy on Structures on Roads 2010 amended in July 2014 (**Attachment 1**) within the Activities Permitted under the Christchurch City Council Public Places Bylaw 2008, refers to the use of the airspace over roads both for architectural features and to increase floor space. The policy document outlines the principles underlying it that impact on this matter as:
- 3.5.1 The effects on existing roads and the impact on any future road works are minimal.
- 3.5.2 The structure over the road or encroaching on the road should not cause inconvenience or any safety issues to other road users.
- 3.5.3 The road space is surplus to roading requirement generally.
- 3.5.4 The public's rights of access to the road is not unreasonably affected.
- 3.5.5 The potential impact of proposals on heritage sites and other significant historical and cultural sites.
- 3.5.6 The potential impact of any proposals on views and sight lines along roads, including but not limited to views towards significant buildings and structures, and towards significant natural features such as the Port Hills.

4. COMMENT

- 4.1 Clause 8 of the Public Places Bylaw 2008 provides for operational polices such as this to be made by Council resolution. This would also cover amendments or additions to the policy. The proposed addition to the policy does not need to be separately consulted on. The Council simply needs to comply with the decision making requirements of the Local Government Act 2002 in relation to this decision, which includes identifying options, costs and benefits of the options and considering the views and preferences of persons who may be affected by the decision.
- 4.2 It is felt that the change for architectural features (**Attachment 1**) is to provide a physical limit for the extension of non-commercial floorspace from the building's main façade; i.e. shall be no more than one metre. There are two options in respect of architectural features occupying road airspace:
- 4.2.1 **Option 1** – keep the policy unchanged without any definition of the maximum amount of airspace an architectural feature should be able to occupy. The delegations would remain unchanged.
- 4.2.2 **Option 2** – amend the policy to include a physical limit of one metre for architectural features overbuilt on road land. This will apply to all categories of architectural features, e.g. balconies, oriel windows, building service plants and egress facilities. However, there may have to be exceptions under special circumstances, such as safety, engineering constraints, etc., for building service plants and egress facilities. The delegations would remain unchanged for most cases, however, any request that exceeds this limit would need to be considered by the Council on the advice of the relevant Community Board. The volume of these is likely to be very low. This is the preferred option as it will give the Council the power to limit the encroachment of road airspace.
- 4.3 Without the guidance of the amendment to the Council's Policy on Structures on Roads 2010, each application for occupying road airspace to increase floorspace has to be considered on a case by case basis by the Council acting on the advice of the relevant Community Board (**Attachment 1**). This workload will increase as the rebuild gathers pace, particularly in the central City.

2 Cont'd

- 4.4 There are four options in respect of the occupation of airspace over road land to increase floorspace:
- 4.4.1 **Option 1** – keep the delegated authority unchanged so that each development and rebuild proposal requesting the right to occupy airspace above the legal road is decided by the Council with the advice of the relevant Community Board. This will mean that each application to occupy road airspace would need to be considered by the Council.
 - 4.4.2 **Option 2** – revise the delegated authority to approve applications to occupy airspace over the road that extend no more than 2.5 metres should be delegated to the Chief Executive or a nominated manager. This would limit the volume of applications for road airspace that would be decided by the Council with the advice of the relevant Community Board.
 - 4.4.3 **Option 3** – revise the delegated authority to applications that occupy airspace above the road to no more than 2.5 metres providing there is a 500 mm comfort zone between the overbuilding and the kerb line. Any request that does not meet these limitations would need to be considered by the Council on the advice of the relevant Community Board, and the volume is likely to be very low. As it is unlikely a request to occupy road airspace in excess of 2.5 metres as due to the additional construction and engineering costs there would be very few (if any) cases needing the Council's decision.
 - 4.4.4 **Option 4** – amend the delegated authority to approve all applications to occupy airspace over the road should be delegated to the Chief Executive or a nominated manager.
- 4.5 Applications to occupy the airspace above the legal road in the future, the decision making authority should be delegated from the Council to the Chief Executive or a nominated manager within the proposed parameters of Option 3. Allowing for the average footpath being three metres wide if the delegation is limited to extensions no more than 2.5 metres this would allow a comfort zone of 500 millimetres to the kerb line. Generally speaking verandahs usually do not extend more than 2.5 metres from a building's façade and Option 3 maintains this principle. This would also minimise the risk of damage to the structure and larger vehicles such as buses and trucks.
- 4.6 A licence to occupy the airspace is required over the legal road for up to 35 years. The building owner will have to indemnify the council against the risk of damage and will be responsible for all licence, rental, lease, valuation and legal costs. The licences roll over on a monthly basis and remain with the building owner. Change of ownership of the building / land would require a new licence.
- 4.7 The Council's Road Stopping Policy 2009 (**Attachment 2**) states that "if the land is to be leased a rent as determined by a registered valuer appointed by the Council." It is clear that this could apply to airspace over road land, although if the area occupied is minimal then the rent could be limited to cover the Council ongoing costs. However, when the overbuilding materially creates additional leasable floorspace a sliding scale of rent discounted from the prime rental rate is suggested.
- 4.8 It is also necessary to review the Council's options for charges and fees for the developer in respect of the use of road airspace when viewed as desirable. A proposed charge of \$600 (GST inclusive) is proposed for the Preparation / Transfer of deed of licence document.
- 4.9 There are other costs which relate to the application and process of the request to occupy by licence the airspace over the road. These costs will accrue to the developer.

5. **FINANCIAL IMPLICATIONS**

- 5.1 It is clear that there are financial implications for the Council in respect of development proposals requesting the right to occupy road airspace. However, it is almost impossible to estimate the annual impact of these costs, which are likely to decrease once the redevelopment of the City is underway.

2 Cont'd

- 5.2 Nevertheless, it is necessary to ensure, if the Council's Policy on Structures on Roads is amended, that there should be sufficient fees, charges and a process to determine the rental values for inclusion in the Long Term Plan, related plans and to cover the Council's initial and ongoing costs. The Staff recommendation is given below.

6. COMMITTEE AND STAFF RECOMMENDATION

It is recommended that the Council:

- 6.1 Approve the amendment to the Policy on Structures on Roads 2010 (**Attachment 3**) activities that are permitted under the Christchurch City Council Public Places Bylaw 2008. To clarify the parameters for architectural features occupying road airspace and speed up the process to deal with applications to occupy airspace over legal road land to increase floor area when these are limited to an extension of no more than 2.5 metres over the property boundary with a buffer zone of 0.5 metres to the kerb line.

- 6.2 Approve the referred underlined amendments to the Council's Policy on Structures on Roads 2010 in respect of applications to occupy airspace above legal roads:

- 6.2.1 Use of the airspace over roads for architectural features on buildings including balconies, oriel windows, egress facilities and building service plants (*Building consent required*) (**Attachment 3, Clause 2.2**).

Policy details:

Airspace over roads is generally available for adjacent properties for the above mentioned features. For new buildings the features must not be less than

- (a) 2.6 meters above existing footpath level;
- (b) 6.0 meters above existing road level; and
- (c) the horizontal projection shall generally not exceed 1.0 meters.

- 6.2.2 Use of the airspace over roads for increasing the floor area of a building (*Resource consent, Building consent, and Deed of Licence required*) (**Attachment 3, Clause 2.3**).

Policy Details 2 and 3

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a) Where the design and location of the structure will not cause excessive shading at road level, or block light and views from adjoining buildings.

(b) If there are already over-buildings close by, building further structures will not have an adverse cumulative effect.

(c) Potential building movement caused from base isolation foundations during a significant seismic event leading to damage to road infrastructure above the ground, such as light columns, traffic signal poles, wires, street trees, bus stops, etc. , from permitted overbuilding above the road.

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(a) The use to which the structure can be put; and/or

(b) Design requirements which must be to the Council's satisfaction through the Urban Design Team's approval process.

- 6.2.3 Delegations (**Attachment 3, Section 6**)

Decision making authority for the policy is to be exercised as follows:

Clauses 2.1, 2.2 (when the structure does not extend more than 2 metres) and 2.3 (when the overbuilding extends no further than 2.5 metres): The Chief Executive, or a nominated manager.

Clauses 2.2 and 2.3 (for both in all other cases) and 2.4: The Council, advised by the relevant Community Board.

2 Cont'd

- 6.3 Adopt the following fees and charges in respect of licences for encroachments of road airspace:
- 6.3.1 Application fee of \$596 (GST inclusive) shall accompany an application for a licence of the road airspace, to cover the administration and staff costs by the Council to evaluate the application.
- 6.3.2 Preparation/Transfer of deed of licence document - \$600 (GST inclusive).
- 6.3.3 The rent should be then set at a market rate to reflect the value accrued to the land owner in the provision of additional leasable floor space.
- 6.3.4 The rent for the occupied airspace if it can be let by the owner commercially could be set at the following rates. This can be based on the prime rental rate discounted to 30 percent for the ground floor, 15 percent for the first floor, 10 percent for the second floor, 7.5 percent for the third floor, five percent for the fourth floor and 2.5 percent for the fifth floor and above.
- 6.3.5 Other costs which may include, surveying, consents, public advertising, agents' fees, legal fees, valuation costs and additional staff time not outlined above will be paid by the applicant.
- 6.3.6 The costs of construction and maintenance, and remaking any damage will be paid by the applicant.

3. **PLANNED 2014/15 WORK PROGRAMME FOR THE CITY AND COMMUNITY LONG TERM PLANNING AND DISTRICT PLAN ACTIVITIES**

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Planning Officer	Y	Michael Theelen, 941 8281
Officer responsible:	Strategic Policy Unit Manager	Y	Alan Bywater, 941 6430
Author:	Strategic Policy Unit Manager	Y	Alan Bywater, 941 6430

1. **PURPOSE AND ORIGIN OF REPORT**

- 1.1 The purpose of this report is to present a summary of the proposed work programme for the Council under its activities City and Community Long Term Policy and Planning (CCLTPP) and District Plan for 2014/15. In each case there are levels of service that require a work programme to be approved by the Council.
- 1.2 Approval of the programme will set the priorities for the Council's policy and planning roles for the remainder of the 2014/15 year. However, as has been evident in the past any agreed programme will be subject to change during the year, as the Council's priorities alter.

2. **EXECUTIVE SUMMARY**

- 2.1 The CCLTPP and District Planning Activity Management Plans both have levels of service that require the agreement of a programme of work with the Council ahead of the start of each new financial year.
- 2.2 A draft programme of work has been developed for the CCLTPP activity for 2014/15 for the Council to consider. This has been developed using a number of drivers:
- Complying with statutory requirements
 - Complying with the requirements of Recovery Plans and Programmes
 - Complying with decisions previously made by the Council
 - Completing projects that are already underway and significant resource have been committed to.
 - Staff's understanding of priorities for Council based on three workshops held through August and September.

3 Cont'd

2.3 The District Plan Review will dominate the work programme in the District Planning Activity for 2014/15 with just two current Plan Changes to be worked on outside the review.

3. **BACKGROUND**

3.1 The CCLTPP activity management plan contains the following levels of service:

1.0.1.1 Recommended work programme submitted by 30 June for the following financial year.

1.0.1.2 At least 85% delivery of Long Term Policy and Planning activity work programme achieved.

3.2 A report proposing a work programme was considered by the Council at its meeting on 5 June 2014. The Council decided to leave the report lying on the table subject to discussing the programme at a workshop.

3.3 Workshops were held on 11 August, 1 September and 8 September 2014 at which the CCLTPP work programme was discussed with the Council.

3.4 As the year to which the work programme corresponds started on July 2014, staff have been working towards delivering many parts of it, whilst the process to formally agree the programme has continued.

3.5 The CCLTPP Work Programme has been divided into 12 clusters of similar types of projects with the allocation of funding into each dependent being driven by the work priorities for the year. The clusters are:

- *Recovery Plans and Programmes*
- *Responding to Legislation*
- *Natural Hazards*
- *Urban Design and Transitional Projects*
- *LTP Preparation*
- *Monitoring and Research*
- *UDS Partnership*
- *Three Waters and Natural Environment*
- *Submissions*
- *Suburban Planning*
- *Long-Term Recovery Planning*
- *Other.*

3 Cont'd

3.5 From the workshops staff understood the following direction from Council:

Direction from Workshop

No new masterplans, focus more on delivering the existing ones.

Street based sex work is likely to be required through the year.

Development agency advice.

Whilst the timing, function and any possible role from this Activity are unclear at the moment, some provision should be made.

Recovery Strategy and CERA transition. Councillors indicated the desire to further consider and discuss these projects along the 100 Resilient Cities, Community Resilient City Strategy. Until a clear direction has been established resource has been provided for in these areas.

Review the Events Strategy. Considered but no consensus to bring into the current year's programme at the expense of other work.

Visitor Strategy. Considered but no consensus to bring into the current year's programme at the expense of other work. *Subsequent to the briefing the Council has had conversations with CIAL around the Visitor Strategy. CIAL will initiate this work. As a result of this it now seems likely that some resourcing will be required to further progress the work to be initiated by CIAL.*

Amendments Made to Work Programme

No amendments made to the work programme to date. Resourcing is already provided in the programme for implementation of the suburban centre masterplans.

Project added to the 'Other' category.

Resourcing has been provisioned for this work as a new project in the 'Other' category.

Projects left in the Long-Term Recovery Planning cluster. Resources reduced to recognise that resolving the direction will take some time and impact the amount of resource that is required in the current financial year.

No changes to the programme to date.

New project created in the Other category.

3.6 Attachment 1 provides a list of the significant projects proposed to be undertaken within each of these clusters in the remainder of the 2014/15 year.

3.7 The District Planning activity management plan contains the following levels of service:

1.3.5.1 District Plan review is commenced in 2014/15 financial year

1.3.5.2 Draft District Plan is notified within 3 years of commencement

1.3.3.1 Present a prioritised work programme, matched to staff capacity and availability, for Council approval annually by 30 June for the following financial year

3.8 As councillors will be very aware the process to review the District Plan is underway and making good progress. This review work will be the primary and most significant part of the programme of work in the District Planning activity in 2014/15.

3 Cont'd

3.9 The only residual work in this activity will be two District Plan Changes that have not been rolled up into the District Plan Review, namely: Plan Change 52 (Ruapuna) and Plan Change 84 Special Purpose Airport Zone (Appeals). However, it should be noted that the truncated process under discussion by the Minister for Canterbury Earthquake Recovery and the Minister for the Environment for the District Plan Review continues to allow for private plan changes. If a private plan change is received it must still be assessed and a decision made under Schedule 1, clause 25 of the Resource Management Act 1991 within the timeframes of that Act.

4. **FINANCIAL IMPLICATIONS**

4.1 The proposed programme of work in the CCLTPP is constrained by the available budgets provided in the Annual Plan. The full budget for this activity for 2014/15 in the Annual Plan is \$10,473,000. This report canvases how best to focus the work programme to achieve the most with the available funding.

4.2 The proposed programme endeavours to spread this budget against the individual/and or clusters of projects outlined. As the Council is well aware following the workshops the true cost of any project can vary significantly, as the scope, issues and political direction become unwrapped during the process. Overs and unders are managed to support the delivery of the planned programme, and to accommodate any "one offs" that emerge during the year.

4.3 The Council was recently advised of the additional costs (\$5.6 million over the life of the project) associated with the District Plan Review Hearings. Reducing the scope of the projects being undertaken as part of the CCLTPP programme is one way of providing a potential offset against the District Plan costs. If the Council is of a mind to reduce the programme attached here, this could provide savings to support the District Plan.

5. **COMMITTEE AND STAFF RECOMMENDATION**

It is recommended that the Council:

5.1 Adopt the work programme outlined in Attachment 1 for the CCLTPP activity for 2014/15.

5.2 Note the work programme in the District Planning activity in 2014/15 will be the District Plan Review and continuation of Plan Change 52 (Ruapuna) and Plan Change 84 Special Purpose Airport Zone (Appeals).

(Note: The Mayor retired from the meeting at 2.17pm. Cr Manji assumed the Chair for the remainder of the meeting.)

4. **VBASE LIMITED AMENDED 2015-2017 STATEMENT OF INTENT**

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager		
Author:	External Reporting and Governance Manager	Y	Patricia Christie 941 8113

1. **PURPOSE AND ORIGIN OF REPORT**

1.1 The purpose of this report is to present the proposed amendment to the Vbase Limited (Vbase) Statement of intent (SOI) for 2015-2017 to Council.

1.2 Schedule 8 of the Local Government Act 2002 states that a Council Controlled Organisation may modify a statement of intent at any time if its board has first;

1.2.1 given written notice to the Council of the proposed modification, and

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1.2.2 considered any comments made on the proposed modification by the Council within one month after the date on which the notification of the proposed amendment was given, or any shorter period that the Council may require.

2. BACKGROUND

- 2.1 Vbase submitted its final SOI for 2015-2017 to the Council prior to the 30 June 2014 legislative deadline.
- 2.2 Subsequent to the submission of the final SOI, Vbase have identified an opportunity to undertake improvements to the Horncastle Arena during late December 2014 and January 2015. The SOI originally submitted to the Council did not make any provision for these improvements to be undertaken and consequently it is necessary to amend the SOI to include this.
- 2.3 The Vbase Board approved a budget of \$2.2 million at its Board meeting on 17 September 2014 for the improvements to the Horncastle Arena and minor capital projects.
- 2.4 Since the submission of the final SOI there has been further clarification of certain accounting assumptions used in the SOI. As an amended SOI was being submitted to the Council the opportunity was taken to amend the SOI for these issues also.

3. COMMENT

- 3.1 Attached as **Attachment 1** is the amended SOI.
- 3.2 The changes to the SOI as outlined in **Attachment 2** are:
 - 3.2.1 addition of \$2.2 million of expenditure in fixed assets in 2015.
 - 3.2.3 adjustment to 2015 net profit for insurance recoveries recognised in 2014.
 - 3.2.3 as a result of the above there have also been changes to interest revenue and tax expense in 2016 and 2017 and the equity balance.

4. FINANCIAL IMPLICATIONS

- 4.1 The proposed changes to the SOI do not result in the Council providing additional funding to Vbase.

5. COMMITTEE AND STAFF RECOMMENDATION

That the Council accept the proposed amendments to the Vbase 2015-2017 Statement of Intent.

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5. FINAL STATEMENT OF INTENT FOR THE WORLD BUSKERS FESTIVAL TRUST FOR 2014/15

		Contact	Contact Details
General Manager responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager		
Author:	External Reporting and Governance Manager	Y	Patricia Christie 941-8113

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 This report presents the final Statement of Intent (SOI) for the World Busker's Festival Trust (the Trust) for the year ended 30 June 2015.
- 1.2 The origin of this report is the Local Government Act 2002, which requires a Council Controlled Organisation (CCO) to provide its shareholder/stakeholder a draft SOI on or before 1 March. The CCOs must then consider comments received on their draft SOI from their shareholder/stakeholder by 1 May and then issue a final SOI by 30 June.
- 1.3 The World Buskers Festival Trust did not provide a draft of its SOI by 1 March 2014. The draft was considered by the Finance Committee and Council provided feedback on 25 September 2014.

2. EXECUTIVE SUMMARY

- 2.1 The final SOI submitted by the Trust is attached (**Attachment 1**) and is unchanged from the draft submitted.
- 2.2 The Finance Committee and Council provided the following feedback to the Trust.
 - 2.2.1 *The Council acknowledges the importance of the World Buskers Festival to the city and the Council would appreciate the opportunity to receive a pre-festival briefing from the Trustees on the 2015 festival including key measures which the Trust and Council will use to measure the success of the festival.*
 - 2.2.2 *Note the requests which the Council made in its resolution dated 10 April 2014 regarding the level of reporting to Council and to develop more robust governance and management structures and that these should be reflected in the statement of intent.*
- 2.3 While the Trust has left the SOI unchanged, the Trustees have advised the following points:
 - 2.3.1 It reiterates that it wishes to operate on a no surprises basis with the Council.
 - 2.3.2 It is prepared to provide a pre-festival briefing to the Council to discuss the plans for the festival.
 - 2.3.3 The Trust has recently employed Glen Pickering as Festival Director and with his appointment will look to continue and develop appropriate management and reporting structures which will be reflected in future SOIs. The amendment to the Trust deed increasing the maximum number of Trustees from five to twelve has been drafted and is in the process of being executed.
 - 2.3.4 The Trust welcomes the continued involvement of the Council and is happy for a member of Council staff to attend Trust meetings and to meet regularly with the festival staff and Trustees.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications to this paper.

4. COMMITTEE AND STAFF RECOMMENDATION

It is recommended to the Council that it receives the World Buskers Festival Trust's final Statement of Intent for 2014/15.

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6. 2014 ANNUAL REPORTS FOR COUNCIL CONTROLLED ORGANISATIONS (CCOS): VBASE LIMITED, CIVIC BUILDING LIMITED, TUAM LIMITED, CHRISTCHURCH AGENCY FOR ENERGY TRUST, THE WORLD BUSKERS' FESTIVAL TRUST, ROD DONALD BANKS PENINSULA TRUST, CANTERBURY DEVELOPMENT CORPORATION HOLDINGS LIMITED, RICCARTON BUSH TRUST, NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager		
Author:	External Reporting and Governance Manager	Y	Patricia Christie 941 8113

1 PURPOSE AND ORIGIN OF REPORT

- 1.1 The purpose of this report is to present the annual reports for Council Controlled Organisations (CCOs) for the year ended 30 June 2014.

2 EXECUTIVE SUMMARY

- 2.1 CCOs are required under Section 67 of the Local Government Act 2002 to submit an annual report to Council within three months after the end of the financial year. All financial statements were signed and provided to the Council by 30 September 2014 (three months after 30 June 2014).

- 2.2 The 2014 annual reports from the following organisations are attached for information:

- 2.2.1 Vbase Limited
- 2.2.2 Civic Building Limited
- 2.2.3 Tuam Limited
- 2.2.4 Christchurch Agency for Energy Trust
- 2.2.5 The World Buskers' Festival Trust
- 2.2.6 Rod Donald Banks Peninsula Trust
- 2.2.7 Canterbury Development Corporation Holdings Limited
- 2.2.8 Riccarton Bush Trust
- 2.2.9 New Zealand Local Government Funding Agency Limited.

- 2.3 An annual report must contain the information that is necessary to enable an informed assessment of the operations of the CCOs to be made, including audited financial statements and an auditor's report on those financial statements, and the performance targets and other measures by which performance was judged.

- 2.4 All the above annual reports presented in this report were approved by their boards and provided to the Council prior to 30 September 2014 as required under the Local Government Act 2002.

3 BACKGROUND – SUMMARY OF CCO 2014 ANNUAL REPORTS

3.1 Vbase Limited (Vbase)

- 3.1.1 Vbase is 100 per cent owned by the Council and was set up to own and manage the Horncastle Arena (formerly CBS Canterbury Arena), Lancaster Park (formerly AMI Stadium), Convention Centre and the Christchurch Town Hall. The earthquakes resulted in only Horncastle Arena being operational. Subsequent to the earthquakes it has secured management service agreements to operate the temporary stadium – AMI Stadium (Addington) erected by the Christchurch Stadium Trust and the event space and on-site café at the Wigram Airforce Museum.

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- 3.1.2 In April 2014 Vbase signed a management agreement to operate the Ilex Café and function room at the Botanical Gardens.
- 3.1.3 Vbase made a loss of \$48.6 million for the year to 30 June 2014 compared to a loss of \$5.4 million in 2013. The increased loss was principally the result of a \$24 million reduction in the accounting value of the Horncastle Arena and a \$29 million reduction in the insurance receivable balance at 30 June 2014 to recognise the current value of future insurance receipts.
- 3.1.4 There has been a reduction in net assets of \$48.6 million which is principally due to the reduction in value of Horncastle Arena and insurance receivables. A deferred tax asset has been recognised for tax losses that Vbase expects to utilise in future years. It is also noted that Vbase used its insurance receipts to repay \$15 million of debt to Council during the year. This is a temporary measure. Additional funding will be required once the rebuild of the Town Hall commences.
- 3.1.5 Vbase received a modified audit opinion from Audit New Zealand. The reasons for the modified opinion were:
- There was insufficient audit evidence to prove that the full amount of the insurance receivable will be recovered and no practical way to determine what amount, if any, will not be recoverable.
 - The audit opinion was qualified in 2012 and 2013 as Vbase could not obtain an appropriate valuation for accounting purposes on the Horncastle Arena. This was obtained in 2014 but the decrease in value may mean that there has been a misstatement of the value in prior years.
 - The issues in relation to the insurance receivable and Horncastle Arena value impact both the current and deferred tax position as does the key assumption that Lancaster Park is irreparable and a replacement will be built by Vbase. Without great certainty on these issues Audit New Zealand cannot determine whether or not the current and deferred tax balances are materially correct.
- 3.1.6 Vbase achieved all but two of its operating performance targets for the year.
- 3.1.7 Vbase's operating revenue was significantly higher than its SOI target however operating and other expenses were also significantly higher than planned. Operating expenses for the year included \$1.6 million of earthquake-related repairs and expenses, and \$0.5 million of assets written off which was not forecast. Vbase had forecast that additional insurance income and revenue from the sale of the Convention Centre land would be received. Neither of these has been recognised, as the necessary level of certainty for the insurance income has not been reached and the former Convention Centre land has not been sold.
- 3.2 Civic Building Limited (CBL)
- 3.2.1 CBL is 100 per cent owned by the Council. CBL owns the Council's 50 percent interest in the joint venture with Ngai Tahu Property Limited which owns and manages the civic building (Hereford Street).
- 3.2.2 CBL made a loss of \$0.86 million for the year to 30 June 2014 compared to a loss of \$0.04 million in 2013. The increased loss was primarily due to a reduction in revenue compared to 2013. This was the result of a reduction in material damage insurance and interest revenues, and no increase in the value of its land investment.
- 3.2.3 The statement of financial position shows that CBL is in a net liability position. This is a result of the accounting treatment of the lease of the civic building and does not indicate that it is unable to meet its obligations as they fall due.
- 3.2.4 Both CBL and the joint venture have received unqualified audit opinions.

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- 3.2.5 CBL's financial performance did not meet its Statement of Intent (SOI) targets due to interest expenses being higher than planned. The SOI target was set assuming that CBL would make a \$1.2 million debt repayment to Council during the year. CBL did not make this repayment as the forecast subvention cash receipts were not received due to lower than forecast taxable profits within the group.
- 3.2.6 CBL achieved the operational performance targets that were set in its SOI.
- 3.3 Tuam Limited (Tuam)
- 3.3.1 Tuam is 100 per cent owned by the Council and, until 2013, owned and managed the former civic building and related Tuam Street properties including the Tuam Street car park.
- 3.3.2 Tuam sold its land and building investments in Tuam Street to the Central City Development Unit on 3 October 2013. Tuam is still to negotiate a settlement with its insurer. It is the view of the directors based on expert engineering advice that the former civic offices were totally destroyed by the earthquakes.
- 3.3.3 Tuam made a profit of \$13,829,000 for the year to 30 June 2014 compared to \$503,000 in 2013. This increase is due to the gain on sale of its land and building investments of \$14.2 million.
- 3.3.4 The 2014 statement of financial position shows that Tuam has net assets of \$20 million compared to \$6.2 million in 2013, the increase being due to the sale of its land and building investments. Tuam's assets now consist of cash and receivables, the most significant being the \$14.2 million outstanding from the sale of the former civic building. Tuam will receive the funds upon settlement of the insurance claim.
- 3.3.5 Audit New Zealand issued an unqualified opinion but did include an emphasis of matter regarding the uncertainty in the carrying value of the receivable relating to the former civic building.
- 3.3.6 Tuam met the operational performance targets that were set in its SOI.
- 3.4 Christchurch Agency for Energy Trust (CAfE)
- 3.4.1 CAfE was formed by the Council to:
- raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy by providing information and advice to a wide range of parties;
 - reduce the local and wider environmental problems caused by the use of fossil fuels in Christchurch;
 - introduce initiatives to address the negative health and social impacts of fuel poverty and energy affordability issues in Christchurch; and
 - gather meaningful and current energy data on energy usage in Christchurch, as an ancillary purpose to the above.
- 3.4.2 CAfE had total comprehensive income for the year to 30 June 2014 of \$327,616 compared to \$459,768 in 2013.
- 3.4.3 The decrease in total comprehensive income is due to a reduction in project funding due to the withdrawal of funding by appointer organisations. CAfE also significantly decreased its expenses with these reducing from \$676,332 in 2013 to \$284,477 in 2014.
- 3.4.4 CAfE established the Christchurch Energy Grant Scheme during the year and has approved \$600,000 of grants but these are yet to be paid. Energy First grants continued during the year with \$120,930 being paid to applicants.

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- 3.4.5 The net assets in the statement of financial position have increased \$327,616 year on year. The main contributor to the increase was a \$217,346 increase in cash and cash equivalents. The significant cash balance includes funds which the Trust has committed to the Christchurch Energy Grant Scheme. The nature of these grants is such that the funds will not be paid out until the plant which the grant relates to is installed. At 30 June 2014 \$600,000 had been committed.
- 3.4.6 CAfE performed favourably against its SOI financial targets with an actual surplus of \$327,616 compared to a target deficit of \$165,250. Two main items contributed to this variance:
- it was planned that \$400,000 would be paid under the Energy Grant Scheme. While \$600,000 was allocated, no payments were made during the year; and
 - CAfE's other expenses were \$181,667 lower than planned which were offset by \$88,801 lower revenue than planned. The lower expenses were the result of a new administration structure and lower activities during the year.
- 3.4.7 CAfE achieved one of its two SOI key performance targets. Its target for the Christchurch Energy Grants Scheme was exceeded. However, it did not meet the targets set for the Energy First applications.
- 3.4.8 CAfE received an unqualified audit opinion on its financial statements from Audit New Zealand.
- 3.5 The World Buskers' Festival Trust (WBFT)
- 3.5.1 WBFT was established by Council to:
- devise, manage and hold an annual buskers festival in Christchurch with a view to providing a national and international profile and identity for New Zealand street theatre;
 - provide opportunities for local buskers to reach a wider audience; and
 - provide a street theatre festival that is accessible to the public including the provision of free events and a commitment to maintain low ticket prices for performances where charges are made.
- 3.5.2 WBFT had a net deficit of \$34,305 compared to total comprehensive income in 2013 of \$19,848. Total revenue increased \$46,851 for the year due to strong door donations, and food and beverage sales, compared to a \$100,915 increase in expenses across all expense classes
- 3.5.3 The financial position of WBFT has worsened slightly with net assets decreasing from \$106,510 to \$72,205. This change is due to the net deficit for the year.
- 3.5.4 The actual overall deficit was \$35,305 lower than the SOI target surplus of \$1,000. After adjusting for the contra and in kind revenue and expenses, both revenue and expenses were higher than target. Revenue was higher due to favourable weather conditions resulting in higher than expected ticket sales. Expenses were higher than planned due to the continued use of temporary infrastructure in Hagley Park.
- 3.5.5 WBFT had mixed performance against its SOI key performance targets. The visitor attendance target was met. However, the customer satisfaction target of 90 percent was not measured in 2014 but is expected to be measured at the 2015 festival. WBFT also set festival development targets, the festival has been restructured and the Trust Board has taken a lead with a focus on succession. WBFT did not meet the target of generating a surplus.
- 3.5.6 WBFT received a qualified audit opinion on its financial statements from Audit New Zealand as it did in all prior years. The qualification arises as Audit New Zealand cannot confirm that all door donation revenue was properly recorded. This relates to \$16,437 (2013: \$121,440) of door donations' revenue which was included in the total of door donations/food and beverage sales of \$474,849 (2013:\$389,981). These donations were collected when "the buckets" were presented at venues.

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3.6 Rod Donald Banks Peninsula Trust (RDBPT)

- 3.6.1 RDBPT was formed by the Council with the objective of promoting sustainable management and conservation of Banks Peninsula's natural environment and associated recreation.
- 3.6.2 RDBPT made a surplus for the year to 30 June 2014 of \$20,882 compared to a deficit of \$15,053 in 2013. The main contributors to the surplus were:
- the recognition of \$12,160 of finance income on the loan to publish the book "Plant Life on Banks Peninsula". This \$50,000 loan was given in 2013 and the difference between its face value and fair value resulted in finance costs of \$15,533 being recognised. During 2014 loan repayments of \$34,272 were received and it now has a fair value of \$12,440;
 - a decrease in grant payments from \$121,750 in 2013 to \$63,169 in 2014; and
 - sales of books and brochures of \$5,378 (\$3,690 has been recognised as costs of goods sold).
- 3.6.3 There has been no significant change in the financial position of the Trust. RDBPT has recognised an intangible asset of \$22,840 in respect of the costs it incurred in developing its walking maps, brochures and books for sale.
- 3.6.4 The operating surplus of \$20,882 for the year was consistent with the SOI target amount of \$18,846 for the year. The closing balance of available funds for projects was \$371,273 more than planned, due to less grants being made than expected. RDBPT has indicated that its actual grant spending will be dependent on identifying opportunities that are consistent with the Trust's objectives. The life to date grants provided by RDBPT total \$184,619.
- 3.6.5 RDBPT performed well against its SOI non-financial performance targets. The nine indicators set by the Trust in its SOI have either been achieved or good progress has been made towards achieving them.
- 3.6.6 RDBPT received an unqualified audit opinion on its financial statements from Audit New Zealand.

3.7 Canterbury Development Corporation Holdings Limited (CDCH)

- 3.7.1 CDCH is 100 per cent owned by the Council and is the parent of the Canterbury Development Corporation, the Council's economic development agency. The information provided is for the CDCH consolidated group. The group includes 100 percent of the wholly owned entities Canterbury Development Corporation, CRIS Ltd and New Zealand Food Innovation (South Island) Ltd.
- 3.7.2 CDCH had a surplus for the year of \$331,410 compared to \$1,265,938 for 2013. The decrease is primarily the result of lower project and service delivery costs in 2013 and no further insurance receipts being received in 2014; (\$465,000 was received in 2013.)
- 3.7.3 CDCH had total comprehensive income of \$940,354 for 2014 compared to \$8,595,648 in 2013. The total comprehensive income takes into account the net assets which have been vested in the group from the Canterbury Economic Development Fund in 2013 (\$4,862,111) and 2014 (\$598,136) and Canterbury Development Corporation in 2013 (\$2,467,599) and the share of associates (2014: \$10,808).
- 3.7.4 The financial position of the CDCH group has improved with net assets increasing to \$9,536,017 from \$8,595,664 in 2013. This was principally the result of increased net investments by the group and increased cash and short-term deposits. This includes a reserve of \$550,000 for spending on the delivery of the Christchurch Economic Development Strategy projects in the coming year.
- 3.7.5 Grant Thornton, on behalf of the Auditor General, issued an unqualified opinion.

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- 3.7.6 The operational performance targets set in the SOI are derived from the annual levels of service that Canterbury Development Corporation has agreed with Council. All were met or in progress at year end.
- 3.8 Riccarton Bush Trust (RBT)
- 3.8.1 RBT was formed by an Act of Parliament in 1914. The Trust administers Riccarton House and its 5.41 hectares of grounds together with a 6.373 hectare native bush remnant gifted by the Deans family to the people of Canterbury. Part of Riccarton House is licensed to a commercial caterer and is used as a restaurant and event centre. Riccarton House was closed for earthquake repairs throughout the 2013/14 year, reopening in August 2014.
- 3.8.2 RBT made a total comprehensive surplus for the year to 30 June 2014 of \$4.6 million compared to \$7,378 surplus in 2013. The significant increase is the result of:
- a \$5.3 million revaluation gain on the land and Riccarton House; offset by
 - incurring an additional \$559,384 of earthquake-related repair costs compared with 2013.
- 3.8.3 The revaluation of the land and Riccarton House has had a significant impact of the financial position of the Trust. Net assets are \$12,213,886 (2013: \$7,595,622). This was the first opportunity that the Trust has had to revalue Riccarton House as the earthquake repairs were essentially complete at 30 June 2014. The completion of the Riccarton House earthquake repairs also resulted in a decrease in the Trust's cash and receivable balances as compared to 2013.
- 3.8.4 The earthquake repairs to Deans Cottage and the Ranger's House are yet to be completed.
- 3.8.4 RBT received an unqualified audit opinion on its financial statements from Audit New Zealand.
- 3.8.5 RBT's financial performance was ahead of its net SOI target with both revenues and expenses being lower than planned. The SOI targets were set on the assumption that the House would reopen in December 2013 but the repairs took longer than expected and, as mentioned above, the House was reopened to the public on 21 August 2014.
- 3.8.6 RBT has also met or is on target to meet most of its operational targets. A number of its targets were impacted by delays in the completion of the earthquake repairs to Riccarton House and were or will be achieved later than was originally planned.
- 3.9 New Zealand Local Government Funding Agency Limited (LGFA)
- 3.9.1 LGFA was incorporated in December 2011 under the Local Government Borrowing Act 2011 to provide debt funding to New Zealand local authorities. Its primary objective is to optimise debt funding terms and conditions for participating local authorities. The Council owns 8.3 percent of the shares of LGFA.
- 3.9.2 LGFA made a profit of \$7 million in 2014 compared with a profit of \$2.6 million in 2013 which was its first full year of trading and a forecast profit of \$6.6 million.
- 3.9.3 LGFA's total assets increased from \$2,688 million in 2013 to \$3,918 million at 30 June 2014 due principally to a further \$1.2 billion of lending to local authorities. The net asset position increased \$5.5 million.
- 3.9.4 LGFA received an unqualified audit opinion on its financial statements from KPMG New Zealand.
- 3.9.5 LGFA's financial performance targets were met or exceeded for 2014.

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- 3.9.6 LGFA has an extensive suite of performance measures and on the whole these were achieved. It is noted that it did not meet its target for the cost of funds relative to NZGS due to the disproportionate amount of longer-dated LGFA bonds issued over the year.
- 3.9.7 LGFA states that it has not provided its estimated 30 basis point saving in interest costs to local authorities due to margin movements but the savings for an AA rated local authority are 18-28 bps on December 2017 maturity and 21 bps on a March 2019 maturity.
- 3.9.8 It is also noted that subsequent to 30 June 2014, LGFA has paid the Council a dividend of \$131,738.

4 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications.

5 COMMITTEE AND STAFF RECOMMENDATION

- 5.1 It is recommended to the Council that it receive the annual reports for the following Council Controlled Organisations:
- 5.1.1 Vbase Limited
 - 5.1.2 Civic Building Limited
 - 5.1.3 Tuam Limited
 - 5.1.4 Christchurch Agency for Energy Trust
 - 5.1.5 The World Buskers' Festival Trust
 - 5.1.6 Rod Donald Banks Peninsula Trust
 - 5.1.7 Canterbury Development Corporation Holdings Limited
 - 5.1.8 Riccarton Bush Trust
 - 5.1.9 Local Government Funding Agency Limited

7. CHRISTCHURCH CITY HOLDINGS LIMITED ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager		
Author:	External Reporting and Governance Manager	Y	Patricia Christie 941 8113

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 The purpose of this report is to present to the Council the Annual Report of Christchurch City Holdings Limited (CCHL) for the year ended 30 June 2014 and provide a formal acknowledgement that the annual report and annual review have been received.
- 1.2 CCHL is a Council Controlled Organisation and is required under Section 67 of the Local Government Act 2002 to submit an annual report to Council within three months after the end of the financial year.

2. EXECUTIVE SUMMARY

- 2.1 CCHL provided Council with its Annual Report and Annual Review by 30 September 2014 (**Attachments 1 and 2**).

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- 2.2 It is noted that CCHL released its Annual Report and Annual Review to the public on 16 October 2014.
- 2.3 The CCHL group reported consolidated after tax profit for the year of \$402.6 million. This was significantly higher than the \$58.2 million forecast in its Statement of Intent and the \$70.7 million recorded in 2013.
- 2.3.1 Due to a number of one-off factors, in particular the recognition of insurance revenues by Lyttelton Port Company Limited, direct comparison of the results is difficult. After adjusting for these one-off factors the underlying group profit of \$87.8 million was a \$14.0 million improvement on 2013 and \$8.4 million higher than the Statement of Intent forecast.
- 2.3.2 The main reasons for the improvement on 2013 is a \$14 million improvement in City Care Limited's underlying pre-tax profit and an \$8 million improvement in Orion New Zealand Limited's result. These were partially offset by reductions in underlying profits of Lyttelton Port Company Limited and an increase in Enable Services Limited's loss.
- 2.4 The net assets of the CCHL group increased \$495.1 million to \$1,945.4 million.
- 2.4.1 The increase reflects an increase in assets of \$599.3 million due to the Lyttelton Port Company Limited insurance settlement, loans made by Enable Services Limited to associated company Enable Networks Limited and by the CCHL parent to the Christchurch Engine Centre, and an increase in property plant and equipment and investment property on revaluation.
- 2.4.2 Group liabilities increased \$104.2 million of which \$29 million related to increased group debt. The balance was an increase in deferred tax offset by a reduction in derivative liabilities.

3. COMMITTEE AND STAFF RECOMMENDATION

It is recommended to the Council that it receive the Christchurch City Holdings Limited 2014 Annual Report and Annual Review for the year ended 30 June 2014.

8. CORPORATE FINANCE REPORT FOR PERIOD ENDING 30 SEPTEMBER 2014

		Contact	Contact Details
General Manager responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager		
Author:	External Reporting and Governance Manager Funds & Financial Policy Manager	Y	Patricia Christie 941 8113

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 This report is a routine quarterly report, providing Councillors with updated Treasury and Debtors' information for the quarter ended 30 September 2014.

2. EXECUTIVE SUMMARY

2.1 Treasury

- 2.1.1 Key treasury risk positions and policy limits are set out in **Attachment 1**. All measures are within acceptable limits.
- 2.1.2 Year-to-date, \$185 million of new term borrowing has been undertaken, of which \$75 million has been on-lent to CCHL (under back-to-back arrangements approved at the 27 June 2013 Council meeting). Net Council debt now stands at \$746 million.

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2.1.3 All new borrowing has been for maturities in excess of five years, to minimise future funding risk (ie. to ensure that we do not have large amounts of debt maturing at a time when we are still looking to increase overall debt levels).

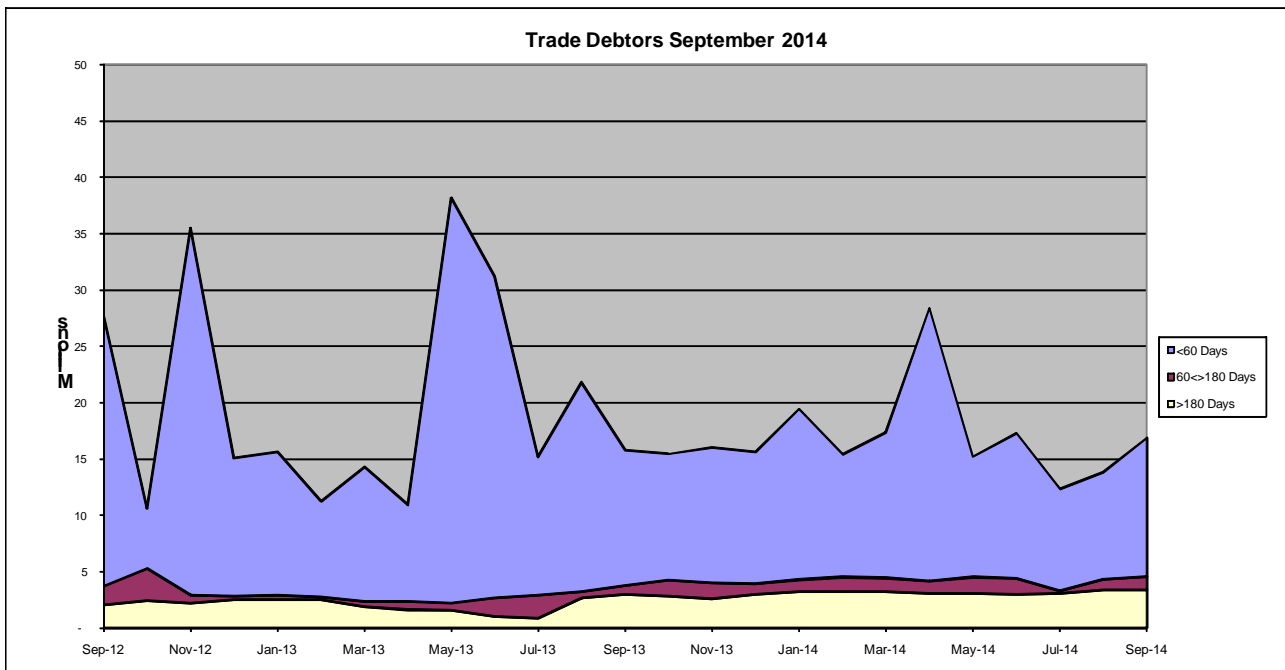
2.1.4 An acceptable base level of interest rate hedging has been established, with no additional hedging being required for policy compliance purposes for at least six years. Significant further hedging will remain relatively difficult to establish until the timing and extent of future debt growth is known with greater certainty (through the Long-Term Planning process).

2.2 Debtors

2.2.1 The debtors' balance stood at \$16.8 million at 30 September 2014, \$0.45 million lower than reported at June 2014. General Debtors have decreased by \$3.7 million to \$5.7 million while Resource Management Consents and Building Consents debtors have increased by \$3 million to \$7.1 million and \$0.14 million to \$3.491 million, respectively. The significant debtors within the General Debtors balance of \$5.7 million include New Zealand Transport Agency (NZTA), Department of Internal Affairs (DIA), Vbase, Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and Riskpool (all but Riskpool are current and the Riskpool debt was received in October). The other categories are largely unchanged.

2.2.2 Overdue debtors (older than 92 days), have increased \$0.15 million to \$4.55 million (27.03 percent of total debtors compared to 25.45 percent reported at 30 June 2014). This is covered in more detail in the Overdue Debtors' report.

2.2.3 Debts of \$90,969 have been written-off year to date, compared to \$46,683 at the same time last year. The significant increase is due to increases in write offs for libraries, gym memberships and damage to street poles. The increase in residential rents write offs includes one debt for \$6,889 for rent arrears and Tenancy Tribunal damages which cannot be recovered from the tenant. Further details are provided in **Attachment 2**. The main reason for the write-off in residential rents is that debtors cannot be located. The library debt written off comprises a large number of relatively small amounts where debtors cannot be located and/or the individual debt is considered to be uneconomical to collect.



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3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications other than those stated above.

4. COMMITTEE AND STAFF RECOMMENDATION

It is recommended that the Council receive this report.

9. EARTHQUAKE CLAIMS UPDATE AS AT 30 September 2014

		Contact	Contact Details
General Manager responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager		
Author:	Earthquake Claims Manager	Y	Adrian Seagar DDI: 941 6345

1. PURPOSE AND ORIGIN OF REPORT

1.1 This report is a regular quarterly update to the Committee on insurance matters relating to the earthquakes. It provides details of the status of these matters as at 30 September 2014.

2. EXECUTIVE SUMMARY

2.1 Attached are appendices with brief notes of explanation for:

2.1.1 Recoveries summary status as at 30 September 2014 (**Appendix 1**) – provides information on costs incurred and recoveries accrued and received.

2.1.2 Main Claim Head progress summary as at 30 September 2014 (**Appendix 2**) – provides a brief summary of the current insurance status for each claim head and the actions planned for the next three months.

2.1.3 Insurance update and progress on anchor projects as at 30 September 2014 (**Appendix 3**) – provides the project and insurance status and payment on claims' details for each of the major facilities.

2.1.4 Earthquake claim progress summary as at 30 September 2014 (**Appendix 4**) – provides financial information for each of the main claim heads, including major facilities.

2.1.5 Building and Infrastructure Improvement Allowance balance as at 30 September 2014 (**Appendix 5**) – provides details of allocations made from the allowance and the current balance available.

2.2 Significant progress continues to be made in lodging claims, and subsequent to 30 September, discharges have been signed for the minor assets where we are in agreement with the insurer. We expect to receive payment for these during the next quarter.

3. COMMENT

3.1 Claim Status

3.1.1. Claims for all Council's damaged assets have been lodged, with a total value at 30 September 2014 of \$840.7 million. Work continues to progress on providing all supporting information required to finalise these claims.

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- 3.1.2 The Crown – CERA paid SCIRT \$16 million in August for their estimated share of July work. A further \$10.4 million was paid in September for their estimated share of August work.
- 3.1.3 Insurance claims – details of the status of each main claim head are outlined in Appendix 2. Councillors on the Insurance Sub Committee have been briefed on the reinsurance issues that are being worked through. Appendix 4 outlines financial information for each main claim head.
- 3.2 Building/Infrastructure Improvement Allowance Borrowing
- 3.2.1 Details of movements in the allowance since last reported are as follows:

	Meeting Date	\$
Balance available for allocation per June 2014 Report		\$55,354,337
Less Council allocations:		
Lichfield Street carpark – demolition and establishment of temporary carpark	17/07/2014	3,500,000
Community Facilities tranche 1	04/09/2014	29,087,059
Heritage Facilities tranche 1	04/09/2014	11,703,596
New Brighton legacy project	04/09/2014	5,000,000
McCormacks Bay, Mt Pleasant Community Centre landscaping	04/09/2014	433,000
Beachville Road seawall	11/09/2014	580,000
Christchurch Stadium Trust	25/09/2014	2,000,000
Balance available to be allocated as at 30 September 2014		3,050,682

- 3.2.2 There are a number of projects that are being funded from the allowance ahead of insurance settlements. The insurance estimates at the time of Council funding approvals were \$3.97 million, excluding the tranche 1 work approved in September. Any insurance proceeds for these projects will be credited to the allowance as funds are received. There is also \$0.985 million allocated as pitch underwrites which will be credited to the allowance once recoveries are received, along with any loan repayment from the Christchurch Stadium Trust.
- 3.2.3 A full list of allocations made from the allowance is attached to this report as Appendix 5.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications from this report.

5. COMMITTEE AND STAFF RECOMMENDATION

- 5.1 It is recommended that the Council receive the report.

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10. PERFORMANCE REPORT FOR THE THREE MONTHS TO 30 SEPTEMBER 2014

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Financial Officer		
Officer responsible:	Corporate Finance Manager Corporate Performance Manager	Y	Diane Brandish, 941 8454
Author:	Planning and Reporting Manager		

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 This report provides an update on service delivery, financial, and capital works programme performance results for the three months to 30 September 2014. The budgets and targets in this paper are based on those approved by the Council in the 2014-15 Annual Plan.
- 1.2 The report includes an updated overview on the financial impact of the earthquake response and recovery as at 30 September 2014.
- 1.3 This report is provided for information purposes only.
- 1.4 Attached are appendices showing summaries of:
 - Levels of Service graph as at 30 September 2014 (**Appendix 1**)
 - Levels of Service that failed to meet targets as at 30 September 2014 (**Appendix 1a**)
 - Financial performance as at 30 September 2014 (**Appendix 2**)
 - Significant capital projects (>\$250,000) as at 30 September 2014 (**Appendix 3**)
 - Housing Development fund and Christchurch Earthquake Mayoral Relief fund as at 30 September 2014 (**Appendix 4**).

2. EXECUTIVE SUMMARY

- 2.1 Year to date operational spend is well within budget, although a negative result is forecast primarily due to unbudgeted extra costs relating to the District Plan review. Council staff are working through various options to find savings elsewhere.
- 2.2 The most significant issue is the forecast under delivery of the rebuild programme, with over \$250 million forecast to be carried forward. It is intended to address this as part of setting the 10 year capital programme for the LTP and a report will be brought back to Council with the recommended re-phasing.
- 2.3 Capital project reporting from the CPMS (Capital Project Management System), especially on progress against project milestones, is not accurate or reliable due to non-compliance. An end to end review of our capital programme is being scoped.
- 2.4 The Level of Service reporting shows 85.3 percent of Levels of Service are on target which is consistent with trend line results over recent years.

3. LEVELS OF SERVICE

- 3.1 The most recent data on Levels of Service (30 September), shows 85.3 percent of Level of Service on target (see Appendix 1). This is consistent with trend line results over recent years. Most directorates are above the 85 percent mark, the exception being Building Control. However results in this area are showing improvement.
- 3.2 Appendix 1a lists those Levels of Service where the Council's target will not be achieved, is compromised, or was not reported. There are three aspects of this list worth noting:
 - The first is that many failing levels of service contain comments to the effect that the target cannot be achieved, and that this will be remedied by lowering the target in the next Long Term Plan. That is a decision for the Council that cannot be pre-empted. In the meantime no remedial action has been proposed for the remainder of this financial year.

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- The second item to note is the large number of unreported results, which was higher than usual this quarter. Having no information on performance targets is a risk to both governance and management. The Executive Team has reinforced this requirement.
 - Capital project reporting from the CPMS (Capital Project Management System), especially on progress against project milestones, is not accurate or reliable due to non-compliance. An end to end review of the capital programme is being scoped.
- 3.3 All three of these items require close scrutiny as they are critical to managing service delivery.
- 3.4 Note that performance targets in bold are those published to the community. They are intended to provide transparency to ratepayers about what each service delivers (quantity, quality and compliance with legislation). Non-bold measures are oriented at management of the service ie unit cost, efficiency, etc.

4. FINANCIAL PERFORMANCE SUMMARY

(\$m)	Year to Date Results			Forecast Year End Results		
	Actual	Plan	Variance	Forecast	Plan	Variance
<u>Council Activities</u>						
Expenditure	108.9	114.3	-5.4	475.5	472.8	2.7
Revenues and Funding	-101.0	-97.1	-3.9	-454.2	-455.7	1.5
Borrowing required	15.7	17.2	-1.5	17.1	17.1	-0.0
Ratepayer cash operating shortfall (surplus)	-7.8	-	-7.8	4.2	-0.0	4.2
<u>Capital Programme</u>						
Expenditure	23.3	55.9	-32.6	213.8	212.9	0.9
Revenues and Funding	-24.8	-22.6	-2.2	-104.5	-103.7	-0.8
Borrowing required	-1.5	33.3	-34.8	109.3	109.2	0.1
<u>Earthquake Rebuild</u>						
Expenditure	115.4	166.4	-51.0	862.1	1114.8	-252.7
Recoveries and Funding	-105.7	-167.0	61.3	-548.6	-715.3	166.7
Borrowing required	9.6	-0.7	10.3	313.5	399.5	-86.0
<u>Earthquake Response</u>						
Expenditure	10.1	23.4	-13.3	88.9	97.3	-8.3
Recoveries and Funding	-5.0	-9.8	4.8	-32.1	-36.5	4.4
Borrowing required	5.1	13.6	-8.5	56.8	60.8	-3.9
Total New Borrowing Required	28.9	63.4	-34.5	496.7	586.5	-89.9

- 4.1 Key commentary on the four reported areas is given below. This is followed by a section for each area giving further details. A view of the Council's financial results by activity is provided in Appendix 2.
- 4.2 At the end of the first quarter the Council Activities were reporting a cash operating surplus of \$7.8 million. This is mainly due to timing of the payment of grants and the receipt of a higher than planned Transwaste dividend. The forecast \$4.2 million shortfall is because of unbudgeted costs for the District Plan Review hearings (\$6.4 million), and a reduced New Zealand Transport Agency (NZTA) administration subsidy on rebuild work (\$2 million). Clause 5 provides details.

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- 4.3 Capital programme expenditure is \$34.8 million below budget year to date due to timing of projects, but is forecast to be \$0.9 million over budget. This forecast is unlikely to be accurate and is under review. Revenues year to date are higher than budget due to increased development contribution receipts, but forecast revenues have been impacted by recent amendments to the Local Government Act which exclude facilities from development contributions (DC) calculations. Clause 6 provides details.
- 4.4 Earthquake rebuild expenditure is forecast to be significantly under budget mainly due to project delays and uncertainty around funding. The under spend is also driving the lower recoveries and funding. Borrowing is forecast to be \$86 million lower than budget as a result. All the variances are timing and expected to be carried forward. Clause 7 provides details.
- 4.5 Earthquake response borrowing is forecast to be \$4 million lower than budget. This is due to delays to the social housing programme because of resourcing issues and an under spend on community and heritage facilities due to a change in focus from operational repairs to capital rebuild. Clause 8 provides further details.
- 4.6 Overall forecast borrowing requirements are \$90 million less than planned mainly due to delayed earthquake rebuild works. This is a timing difference which will be offset by increased borrowing in future years, but will generate interest savings of \$1.5 million in the current year.

5. COUNCIL ACTIVITIES

\$m	Year to Date Results			Forecast Year End Results		
	Actual	Plan	Var	Forecast	Plan	Var
Personnel costs	40.7	42.0	-1.3	169.6	168.3	1.4
Less recharged to capital	-7.9	-7.9	-0.0	-30.5	-30.6	0.1
Grants and levies	13.6	15.9	-2.3	45.6	46.6	-1.0
Operating costs	32.3	33.3	-1.0	155.6	151.8	3.7
Maintenance costs	17.9	17.6	0.3	76.2	76.2	0.1
Debt servicing	12.3	13.4	-1.2	58.9	60.5	-1.5
Expenditure	108.9	114.3	-5.4	475.5	472.8	2.7
Operating revenue	-34.8	-33.3	-1.5	-132.4	-134.7	2.4
Interest and dividends	-8.2	-6.6	-1.6	-78.7	-77.7	-1.0
Rates income	-89.3	-88.9	-0.5	-355.5	-355.5	0.0
Revenue	-132.4	-128.8	-3.6	-566.5	-567.9	1.4
Net Cost	-23.5	-14.5	-9.0	-91.0	-95.1	4.1
Less unavailable funds:						
Special Funds	1.9	2.2	-0.3	-5.9	-6.1	0.1
Rates to EQ / capex / debt	29.5	29.5	-	118.3	118.3	-
Available Funding Sources	31.4	31.7	-0.3	112.3	112.2	0.1
Borrowing required	7.9	17.2	-9.3	21.3	17.1	4.2
Borrowing for EQ deficit and capital grants	15.6	17.2	-1.6	17.1	17.1	-
Cash operating shortfall	-7.7	-	-7.7	4.2	-0.0	4.2

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- 5.1 Operating expenditure for Council activities is \$5 million lower than budget for the three months to 30 September mainly due to timing of grants payments. The forecast overspend is due to unbudgeted District Plan Review hearing costs of \$6.4 million (total \$9.2 million over two years). Canterbury Earthquake Recovery Authority (CERA) has indicated that central government may contribute towards these costs and discussions are underway. The forecast over spend is partially offset by lower debt servicing costs due to timing of borrowing (\$1.5 million) and lower earthquake rate remissions due to CERA purchases of s124 properties (\$1.1 million). Strategy and Planning are reviewing their programme of work for possible deferrals to offset the balance.
- 5.2 Revenue for Council activities is \$4 million higher than budget year to date because of a higher than expected Transwaste dividend (\$1.2 million), and timing of inspection and enforcement revenues. Revenues are forecast to be \$1.4 million less than budget mainly due to:
- a lower subsidy from NZTA due to the reduced Stronger Christchurch Infrastructure Rebuild Team (SCIRT) roading programme and the potential repayment of subsidies received in advance for projects which will now not proceed (\$2 million)
 - lower interest income (\$0.3 million)
 - reduced library lending revenues (\$0.2 million)
- 5.3 The net cost of individual activities is shown in Appendix 2.

6. CAPITAL PROGRAMME

Sm	Year to Date Results			Forecast Year End Results		
	Actual	Plan	Var	Forecast	Plan	Var
Three Waters	9.3	29.4	-20.1	100.7	105.5	-4.8
Roads and Footpaths	5.3	9.8	-4.4	66.0	67.9	-1.9
Parks	1.3	3.3	-2.0	13.8	13.6	0.1
Strategic Land	0.1	-	0.1	16.4	16.4	-0.0
Other	7.2	13.2	-5.9	56.1	59.6	-3.5
Less Planned Carry Forwards not identified	-	0.3	-0.3	-39.2	-50.2	11.0
Expenditure	23.3	55.9	-32.6	213.8	212.9	0.9
Cash DCs	-8.6	-3.4	-5.6	-14.6	-13.8	-0.8
NZTA Capital Subsidy	-0.8	-3.0	2.2	-17.9	-17.9	-0.0
Capital Grants/Revenue	-0.2	-	-0.2	-0.0	-0.0	-
Water Connection Fees	-0.4	-0.2	-0.3	-0.8	-0.8	-0.0
Misc Capital Revenues	-0.2	-0.0	0.2	-0.0	-0.0	0.0
Asset Sales	-0.2	-	-0.2	-6.8	-6.8	-0.0
Capital Revenues	-10.5	-6.6	-3.9	-40.0	-39.2	-0.8
Net Cost	12.7	49.3	-36.6	173.8	173.6	0.1
Rates (Renewals / Landfill / Tsfrs)	-14.9	-14.9	-	-60.1	-60.1	-
Special Funds	0.7	-1.1	1.8	-4.4	-4.3	-0.1
Available Funding Sources	-14.2	-16.0	1.8	-64.5	-64.4	-0.1
Borrowing Required	-1.5	33.3	-34.8	109.3	109.2	0.1

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- 6.1 Capital Programme expenditure is \$32.6 million below budget year to date mainly due to timing of roading, wastewater, water supply and stormwater projects. The forecast over spend relates to the Ferrymead Bridge (\$3.9 million), but is partially offset by a \$2.4 million under spend in the capital governance group pool contingency. Other significant forecast under spends include Halswell and Wainui sewers and the major cycleways programme, which have all been signalled to be carried forward. A paper will be brought to the Council on the Ferrymead Bridge.
- 6.2 Group of Activity level variance commentary is shown in Appendix 2.
- 6.3 Financial results of significant (>\$250,000) capital projects are shown in Appendix 3.
- 6.4 Development contributions are higher than budget year to date, but are forecast to be only slightly higher than budget due to the loss of development contributions on libraries and leisure facilities following amendment to the Local Government Act effective 7 August 2014 (\$1.5 million).
- 6.5 Other capital revenues and special funds year to date variances are due to timing, with forecast being on budget.
- 6.6 Borrowing for the Capital Programme is forecast to be on budget.

7. EARTHQUAKE REBUILD

\$m	Year to Date Results			Forecast Year End Results		
	Actual	Plan	Var	Forecast	Plan	Var
Infrastructure - SCIRT	107.6	134.8	-27.2	469.6	522.9	-53.3
Infrastructure - Non SCIRT	2.7	13.4	-10.7	194.0	249.6	-55.6
Transitional / Recovery Projects	1.1	0.7	0.3	39.5	60.5	-21.0
Facilities Rebuild	4.0	17.4	-13.5	154.0	250.7	-96.7
Unallocated Budget	-	-	-	5.0	31.1	-26.1
Expenditure	115.4	166.4	-51.0	862.1	1114.8	-252.7
CERA Recoveries	-45.4	-76.1	30.7	-221.8	-339.1	117.3
NZTA Recoveries	-19.4	-1.8	-17.6	-172.1	-85.2	-86.9
Insurance Recoveries	-8.0	-16.3	8.2	-75.6	-165.2	89.6
Other Recoveries	-0.7	-0.1	-0.6	-1.3	-1.3	-
Land Sales	-	-	-	-	-45.2	45.2
Recoveries	-73.5	-94.2	20.7	-470.9	-636.1	165.1
Net Cost	41.9	72.2	-30.3	391.2	478.7	-87.6
Rates (Renewals & Metro Levy)	-12.0	-12.0	-	-47.8	-47.8	-
Housing Account	-0.2	-0.7	0.4	-9.8	-11.3	1.5
EQ Recovery Fund	-20.0	-60.2	40.2	-20.0	-20.1	0.1
Available Funding Sources	-32.2	-72.8	40.6	-77.7	-79.3	1.6
Borrowing Required	9.6	-0.7	10.3	313.5	399.5	-86.0
Rates-funded Borrowing	-	-	-	18.7	18.7	-
EQ Borrowing	9.6	-0.7	10.3	294.7	380.7	-86.0

- 7.1 SCIRT rebuild costs of \$108 million year to date is made up of: wastewater (\$49 million); roading (\$17 million); stormwater (\$2 million); water supply (\$3 million) and \$37 million which is not yet allocated.

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- 7.2 Rebuild expenditure is forecast to be \$253 million under spent in all areas and includes:
- SCIRT – forecast recently revised (\$53 million)
 - Non SCIRT
 - Wastewater treatment plant on hold awaiting loss adjusters (\$24 million)
 - Water supply wells in planning stage (\$15 million)
 - Transitional/Recovery projects
 - Performing arts precinct in feasibility stage, construction delayed (\$12 million)
 - Facilities Rebuild
 - Insurance funded facilities rebuild delayed due to uncertainty of funding (\$67 million)
 - South West and Central libraries awaiting site confirmation (\$20 million)
 - Parking projects now expected to commence in 2016 (\$20 million)
 - Art Gallery delayed (\$12 million)
 - Athletics track on hold awaiting decision on Nga Puna Wai (\$7 million).
- 7.3 Rebuild recoveries are below budget partly as a result of the above under spend and partly because the land sales are taking longer than planned. The CERA and NZTA variances are also due to the different mix of works that SCIRT are delivering compared to what was originally planned.
- 7.4 Rebuild borrowing is forecast to be \$86 million lower than budget, primarily due to reduced expenditure, but this will be incurred in future years.
- 7.5 Details of life to date earthquake related costs and recoveries are shown in Appendix 2.

8. EARTHQUAKE RESPONSE

\$m	Year to Date Results			Forecast Year End Results		
	Actual	Plan	Var	Forecast	Plan	Var
Office of the Chief Executive	0.0	-	0.0	-0.0	-	-0.0
Finance & Commercial Group	0.5	0.5	0.0	2.1	2.1	-0.0
Corporate Services Group	0.1	-	0.1	-0.0	-	-0.0
Council Facilities & Infra Rebuild	3.1	6.3	-3.2	16.1	25.1	-9.0
Operations Group	6.0	10.7	-4.7	38.0	37.5	0.5
Building Control Group	-0.0	0.0	-0.0	-0.0	0.0	-0.0
Corporate Transactions	0.3	5.8	-5.5	32.7	32.6	0.1
Expenditure	10.1	23.4	-13.3	88.9	97.3	-8.3
CERA Recoveries	-2.5	-4.5	1.9	-16.0	-14.9	-1.1
NZTA Recoveries	-0.3	-0.5	0.2	-2.8	-2.8	-0.1
Insurance Recoveries	-0.8	-1.9	1.1	-6.0	-7.5	1.5
Other Recoveries	-0.6	-0.3	-0.3	-1.0	-1.0	-0.0
Recoveries	-4.2	-7.2	3.0	-25.8	-26.2	0.3
Net Cost	5.9	16.2	-10.3	63.1	71.1	-8.0
Housing Account	-0.8	-2.6	1.8	-6.3	-10.3	4.1
Available Funding Sources	-0.8	-2.6	1.8	-6.3	-10.3	4.1
Borrowing Required	5.1	13.6	-8.5	56.8	60.8	-3.9

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- 8.1 Response costs are currently \$13 million below budget due to:
- delayed wastewater, roading and parks projects which are forecast to be on budget
 - timing of payments to CERA for the Port Hills land resolution which are forecast to be on budget by the end of the financial year
 - delayed social housing programme.
- 8.2 The most significant forecast under spends relate to housing (\$4 million), community centres (\$1.3 million) and heritage buildings (\$2.3 million). Housing under spend is due to delayed projects as a result of Council and City Care resourcing issues. Community centres and heritage buildings forecast reflects the change in delivery focus from operational repairs to capital rebuild following the advance from the Infrastructure Improvement Allowance Borrowing approved by Council in September to fast track repairs and rebuild.
- 8.3 Response recoveries are currently \$3 million less than budget due to the under spend above. However forecast recoveries are close to budget due to unbudgeted recoveries on stormwater costs carried forward from last year and higher recovery rates than budgeted on facilities rebuild projects. The reduced drawdown from the housing account reflects the under spend above.
- 8.4 Forecast response borrowing required is \$3.9 million below budget.

9. COMMITTEE CONSIDERATION

The Committee noted the forecasted under spend relating to housing and requested that staff provide information on what resources are needed to meet the housing targets.

10. COMMITTEE AND STAFF RECOMMENDATIONS

It is recommended that the Council receive the report.

PART B - REPORTS FOR INFORMATION

11. DECLARATIONS OF INTEREST

Councillor Gough declared an interest in clauses 4 and 6 as he is a Director of the Vbase Board.

Councillor Turner declared an interest in clause 6 as he is Trustee on the Rod Donald Trust and a Director of Canterbury Development Corporation.

Councillor Chen declared an interest in clause 6 as he is a Trustee on the Riccarton Bush Trust.

12. DEPUTATIONS BY APPOINTMENT

Nil.

13. LAND USE RECOVERY PLAN – UPDATES ON MEDIUM DENSITY HOUSING EXEMPLAR PROJECTS (ACTION 8) AND HOUSING NEW ZEALAND MASTERPLANS (ACTION 9)

The Committee **received** and noted the content of a report updating it on the progress of the Land Use Recovery Plan Actions 8 and 9 and on the Land Use Recovery Plan Review.

14. CENTRAL CITY RECOVERY QUARTERLY MEMORANDUM – JULY TO SEPTEMBER 2014-11-25

The Committee **received** a Memorandum updating it on the implementation of the central city recovery projects for the period July 2014 to September 2014.

The Committee noted that a report regarding rates rebates for Life in Vacant Spaces is currently being prepared.

The Committee asked that a quarterly update report come to the Committee as part of the consenting report and that a copy of the report also be presented to the Development Forum.

15. EXPANSION OF FAIR & EQUITABLE RATES REMISSIONS

This item was not considered by the Committee as it was reported directly to the Council meeting on 13 November 2014.

16. LAND USE RECOVERY PLAN: RICCARTON RACECOURSE (CHAMPIONS MILE) MEDIUM DENSITY HOUSING EXEMPLAR PROJECT

This item was presented to the Council meeting on 27 November 2014.

PART C – DELEGATED DECISIONS

17. APOLOGIES

The Committee **resolved** to accept an apology from Councillor Gough who retired from the meeting at 2.24pm.

18. TERMS OF REFERENCE

The Committee considered a report seeking its approval, and if required refinement, of the Terms of Reference of the Strategy and Finance Committee adopted at the 2 October 2014 Council meeting and to approve the those working groups reporting to the Strategy and Finance Committee.

The Committee **resolved** to:

18.1 Adopt the Terms of Reference of the Strategy and Finance Committee with no refinements.

18.2 Approve the Terms of Reference for:

18.2.1 The Mayoral Quality Regulation Review Taskforce, (refer **attachment 1.**)

18.2.2 The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and Rebuild Alignment Working Group (refer **attachment 2.**)

18.2.3 The Citizen Participation and Representation Working Group (refer **attachment 3.**)

And

18.3 To report the Terms of Reference to the Council for its information.

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19. RESOLUTION TO BE PASSED – SUPPLEMENTARY REPORTS

The Committee **resolved** that the reports be considered at the meeting on 20 November 2014.

20. ADJOURNMENT OF MEETING

The meeting was adjourned at 2.57pm.

The meeting resumed at 3.07pm.

21. RESOLUTION TO EXCLUDE THE PUBLIC

The Committee **resolved** that the resolution to exclude the public, as set out on page 67 of the agenda, be adopted.

The Committee **resolved** to readmit the public at 3.41pm.

The meeting concluded at 3.42pm.

CONSIDERED THIS 11TH DAY OF DECEMBER 2014

MAYOR