

**MEETING OF THE
HAZARDS AND EMERGENCY MANAGEMENT
PORTFOLIO COMMITTEE**

**TO THE CHAIRPERSON AND MEMBERS OF THE
COMMITTEE**

MEMBERSHIP OF THE COMMITTEE

Cr A R McKay (Chairperson)

Cr T K Burke
Cr A S Carroll
Cr E H Cunningham

A meeting of the Committee will be held on

Tuesday, 14 November 2006 at 9:30 a.m.

VENUE: Council Chamber
First Floor
Pegasus Building
58 Kilmore Street
CHRISTCHURCH

BUSINESS: As per Order Paper attached

Dr Bryan Jenkins
CHIEF EXECUTIVE

**RECOMMENDATIONS IN REPORTS ARE NOT TO BE TAKEN
AS COUNCIL POLICY UNTIL ADOPTED BY COUNCIL**

58 Kilmore Street,
PO Box 345,
Christchurch,
Telephone: (03) 365-3828,
Fax: (03) 365-3194
Website: www.ecan.govt.nz



COMPLIANCE WITH LOCAL GOVERNMENT ACT 2002 DECISION-MAKING REQUIREMENTS

Except as below, a statement of compliance and a completed decision checklist is required for any agenda item on a council committee or the council recommending that a decision be made. This will be the responsibility of the person signing off the agenda item.

The compliance statement and checklist will not be used for:

- Recommendations that information be received or that the Council make a decision.
- Decisions taken under the Resource Management Act 1991 or the Biosecurity Act 1993 in relation to resource consents, decisions required when following the procedures set out in Schedule 1 of the Resource Management Act 1991, other permissions, submissions on plans, or references to the Environment Court.
- Decisions taken to proceed with enforcement procedures under various primary or secondary legislation or regulations, including procedures under the Resource Management Act 1991, the Biosecurity Act 1993, the Local Government Act 2002, and Environment Canterbury Bylaws.
- Administrative and personnel decisions that are entirely internal to Environment Canterbury.
- Other decisions where the procedures to be followed are set out in Legislation.

COMPLIANCE STATEMENT

The council committee (or the council) must formally certify that:

- (a) It is satisfied that it has sufficient information about the options and their benefits and costs, in terms of the region's social, economic, environmental and cultural well-being and the effects on community outcomes, bearing in mind the significance of the decisions.
- (b) It is satisfied that it knows enough about and has given adequate consideration to the views and preferences of affected and interested parties bearing in mind the significance of the decision.

INFORMATION CHECKLIST

(a)	A Statement of the Proposed Decision
(b)	A Statement of the Objective of the Proposed Decision and the Issue or Problem being addressed
(c)	A list of all reasonably practicable options, (including doing nothing).
(d)	For each option in (c): An evaluation of the Benefits and Costs, in terms of the region's social, economic, environmental and cultural well-being.
(e)	For each option in (c): A statement of the extent to which community outcomes would be promoted or achieved in an integrated and efficient manner.
(f)	For each option in (c): A statement of the Impact, if any, on Environment Canterbury's capacity to undertake its statutory responsibilities
(g)	If the Proposed Decision is a significant decision in relation to land or a body of water, a statement of how Maori values have been taken into account
(h)	A Statement of significant inconsistencies, if any, with any Existing Policy, Plan or Legislation arising from the Proposed Decision.
(i)	A statement how the views and preferences of affected or interested persons have been given adequate consideration during the definition of the problem or issue, the objective, the assessment of options and the development of the proposed decision, including the particular contribution of Maori to the decision-making process.

Notes:

The significance of proposals and decisions determines how much time, money and effort is put into exploring and evaluating options and obtaining the views of affected and interested parties. The significance of proposals and decisions is determined through reference to criteria contained in the policy on significance.

The policy on significance together with Section 76 of the Local Government Act 2002 set out the Council's requirements in relation to decisions. Some decisions can only be made through the Long-Term Council Community Plan, or after the Special Consultative Procedures set out in the Act have been used, (refer to the policy on significance and the Act).

All decisions of Environment Canterbury are subject to the decision-making requirements of section 76 of the Act unless inconsistent with specific requirements of other legislation.

ENVIRONMENT CANTERBURY
HAZARDS AND EMERGENCY MANAGEMENT
PORTFOLIO COMMITTEE

ORDER PAPER

1. APOLOGIES
2. MINUTES OF MEETING – 16 August 2006
3. MATTERS ARISING
4. DEPUTATIONS AND PETITIONS

a) Emergency Management

MATTER FOR RECOMMENDATION TO THE COMBINED PORTFOLIOS COMMITTEE

5. 2007/08 ANNUAL PLAN – PROPOSED LEVEL OF SERVICE AND LEVEL OF FUNDING CHANGES

(b) Hazards

MATTER FOR RECOMMENDATION TO THE COMBINED PORTFOLIOS COMMITTEE

6. 2007/08 ANNUAL PLAN – PROPOSED LEVEL OF SERVICE AND LEVEL OF FUNDING CHANGES

7. NOTICES OF MOTION
8. EXTRAORDINARY AND URGENT BUSINESS
9. QUESTIONS
10. NEXT MEETING – TBA

ENVIRONMENT CANTERBURY

HAZARDS AND EMERGENCY MANAGEMENT PORTFOLIO COMMITTEE

MINUTES OF THE MEETING OF THE HAZARDS AND EMERGENCY MANAGEMENT PORTFOLIO COMMITTEE HELD ON THURSDAY 16 AUGUST 2006 IN THE COUNCIL CHAMBER, FIRST FLOOR, PEGASUS BUILDING, 58 KILMORE STREET, CHRISTCHURCH FROM 1.30PM.

CONTENTS

1. APOLOGIES
2. MINUTES OF MEETING – 18 August 2005
3. MATTERS ARISING
4. DEPUTATIONS AND PETITIONS

MATTERS FOR RECOMMENDATION TO THE COMBINED PORTFOLIOS COMMITTEE

5. 2007/08 ANNUAL PLAN - Hazards
6. 2007/08 ANNUAL PLAN - Emergency Management

MATTERS FOR COMMITTEE DECISION

7. COMMUNICATIONS STRATEGY
8. NOTICES OF MOTION
9. EXTRAORDINARY AND URGENT BUSINESS
10. QUESTIONS
11. NEXT MEETING

PRESENT

Crs A R McKay (Chairperson), T K Burke and A S Carroll.

IN ATTENDANCE

Cr R H M Johnston

MANAGEMENT AND STAFF PRESENT

G Griffiths (Director Investigations and Monitoring), J Atkinson (Acting Director Operations), B Young (Environmental Quality and Hazards Manager), J Fisher (Regional Civil Defence Manager), I Heslop (Design and Operations Engineer) T Boyle (River and Hazards Manager), W Simpson (Communications and Relations Manager) J McNee (Portfolio Communications and Relations Officer) and L M McDonald (Administration Officer).

1. APOLOGIES

Cr E H Cunningham

2. MINUTES OF MEETING – 18 AUGUST 2005

Resolved

The minutes of a meeting held 18 August 2005 as circulated, be confirmed as a true and accurate record, and be adopted.

Cr Carroll/Cr McKay

3. MATTERS ARISING

There were no matters arising from the minutes.

4. Deputations and Petitions

Nil.

MATTERS FOR RECOMMENDATION TO THE COMBINED PORTFOLIOS COMMITTEE

5. 2007/08 ANNUAL PLAN – Hazards

Brodie Young introduced this item.

Referring to the opportunity for cost efficiencies identified during the Finance and Audit Review of the 2006-16 LTCCP, Cr McKay requested more information about the funding of investigations when future rating districts are being considered.

Resolved by the Committee

That the Portfolio Committee requests staff develop a draft policy report on charging back of the set up costs of forming a hazards rating district.

Cr McKay/Cr Burke

Ian Heslop advised the Committee that the proposed capital funding for the Waimakariri secondary stopbank will have to be reviewed to include the cost of obtaining consents. Prior to applying for consents an overall working programme is needed that includes the purchase of land and designations. A report will be presented to the Council later in 2006.

Cr Johnston stressed the importance of consulting with those people who will be impacted by the costs of the development of the stopbank.

In response to a question from Cr McKay, Ian Heslop confirmed that a report on userpays charges for gravel management is being prepared.

Recommended to the Combined Portfolios' Committee

That the Portfolio Committee notes that there are no significant changes proposed for the 2007/08 Annual Plan.

That the Portfolio Committee notes that the capital funding for the Waimakariri secondary stopbank may need to be reviewed.

Cr Burke/Cr Carroll

6. 2007/08 ANNUAL PLAN –Emergency Management

John Fisher introduced this item.

Recommended to the Combined Portfolios' Committee

That the Portfolio Committee notes that there are no significant changes proposed for the 2007/08 Annual Plan.

Cr Burke/Cr Carroll

MATTERS FOR COMMITTEE DECISION

7. COMMUNICATION STRATEGY 2006/07

Bill Simpson introduced the proposed communication strategy for hazards and emergency management and invited input from the Committee.

Resolved

That the committee receives the 2006/07 Hazards & Emergency Management portfolio communication strategy.

Cr Carroll/Cr McKay

8. NOTICES OF MOTION

Nil

9. EXTRAORDINARY AND URGENT BUSINESS

Recommended to the Council

That, due to Councillors' commitments to the NRRP hearings, Council consider appointing an additional member to the Hazards and Emergency Management Portfolio Committee.

Cr Burke/Cr Carroll

10. QUESTIONS

Nil

11. NEXT MEETING

November 2006

The meeting closed at 2.45pm.

CONFIRMED

DATE _____ CHAIRPERSON

AGENDA ITEM NO: 5	SUBJECT MATTER: 2007/08 ANNUAL PLAN – PROPOSED LEVEL OF SERVICE AND LEVEL OF FUNDING CHANGES
REPORT: Hazards and Emergency Management Portfolio Committee	DATE OF MEETING: 14 November 2006
FILE REFERENCES:	PORTFOLIO: Emergency Management PROJECT: – OUTPUT: –
REPORT BY: John Fisher, Portfolio Convenor Emergency Management	ENDORSED BY: John Talbot, Director Policy & Planning

PURPOSE

1. To receive stakeholder feedback on possible shifts in direction identified in August 2006.
2. To recommend priorities, tradeoffs or deferrals for the 2007/08 Annual Plan to the Combined Portfolios committee, to enable staff to undertake the necessary budget amendments.
3. To prepare responses for the Finance and Audit Committee Review of Portfolios.

ATTACHMENTS

- Appendix 1: LTCCP Budgets for 2007/08.

Please bring the following to the meeting:

- The 2006-16 LTCCP.
- Project Levels of Service and Funding for 2006/07.

BACKGROUND

Whilst the Annual Plan for 2007/08 was set as part of the long term delivery of ECan's contributions to community outcomes, it is appropriate to look at the need to fine tune the annual programme to-

- ensure we are on course,
- reflect new information about resource demand,
- respond to changes in the operating environment,
- review alternative methods of funding, and
- review alternative methods of service delivery.

The Portfolio Committee has two tasks to complete:

- 1. PROGRESSING THE 2007/08 ANNUAL PLAN PROCESS-** This will involve consideration of stakeholder feedback on possible shifts in direction identified by the Committee in August 2006, and the provisional rates estimates for 2007/08 for a range of indicator properties across Canterbury. Following this, the Committee will make decisions on the shifts in direction to the levels of service and levels of funding in the LTCCP for 2007/08, if any, to recommend to the Combined Portfolios Committee, having regard to priorities, tradeoffs or deferrals to the levels of service and levels of funding in the LTCCP for 2007/08.
- 2. PREPARING FOR THE FINANCE AND AUDIT COMMITTEE REVIEW OF PORTFOLIOS-** This involves the review of portfolios' preparations for the 2007/08 Annual Plan to be undertaken

by the Finance and Audit Committee. The review will examine the reasons behind budget decisions to ensure that proposals going forward into the 2007/08 budget have been systematically and rigorously analysed. Portfolio Committees will be asked 11 questions relating to:

- Level of service and level of funding
- Cost effectiveness and cost efficiency of service delivery
- Project priorities
- Funding alternatives

The questions are set out in Part 2 of this paper.

IS AN AMENDMENT LIKELY TO BE REQUIRED TO THE 2006-16 LTCCP?

At this stage it is considered that the proposed changes to the 2007/08 budget and work programmes identified in August are not significant enough to trigger an amendment to the LTCCP. Amending the LTCCP is to be avoided as any amendment would almost certainly involve a full financial audit. This would necessitate extra council meetings to adopt documents pre and post audit, with attendant timing constraints and costs. The intention of the Local Government Act in respect of LTCCPs is to provide a high level of certainty for ratepayers, which means not changing them more than necessary. The LTCCP concept is to provide programmes over 10 years and variations between years will occur, which do not constitute amendments to the 10 year plan. This could include variations to the levels of rates.

Annual Plans are able to accommodate variations to the LTCCP, provided they do not include the matters listed in sec 97 of the Local Government Act and they do not alter significantly intended levels of service (significantly is not defined).

The question will become clearer when the extent of changes is confirmed at the December Council meeting.

WHAT IS THE NEXT STAGE?

At the completion of Portfolio Committee meetings and the Finance and Audit Committee Review of Portfolios, the Combined Portfolios Committee will consider individual Portfolio Committees' recommendations for recommending to the Council in November. The Finance and Audit Committee will report the findings of its Review of Portfolios separately to the Council in December.

Following this, staff will undertake the detailed budgeting work required and bring back a proposed draft budget in February to be adopted as the basis for the Draft 2007/08 Annual Plan.

Councillors are reminded that this November round of Portfolio Committee meetings is the second of three opportunities to introduce further changes. **The last opportunity is at the December Council meeting.**

PART 1: 2007/08 ANNUAL PLAN

Councillors will recall that the starting point for the 2007/08 Annual Plan is the levels of service and levels of funding in the LTCCP for 2007/08 and that increases in both have already been provided in 2007/08.

Councillors are reminded of the agreed principles for developing the 2007/08 Annual Plan.

1. The overarching objective is to manage variations to the LTCCP within the 2007/08 expenditure and revenue forecasts in the LTCCP (total exp +3.8%, gen rates +7.3%).
2. If possible, avoid introducing matters requiring the LTCCP to be amended.
3. Budget may be re-allocated within and between portfolios to manage changed circumstances.
4. Options must be developed for any variations.

Background information for this portfolio can be found as follows.

Portfolio information

Portfolio information for 2007/08 can be found in the following places in the 2006-16 LTCCP:

- Levels of service: p34
- Level of funding: p34

Activity and parent project information

Activity and parent project level of funding for 2007/08 can be found in Appendix 1. This also includes a comparison with 2006/07 and the reasons for any significant increases. Details of the possible shifts in direction raised at the August Portfolio Committee meetings, if any, are also shown.

While parent project levels of service for 2007/08 have not yet documented, they will be generally similar to those for 2006/07, which can be found on p13 of Project Levels of Service and Funding for 2006/07.

RECOMMENDATIONS FROM THE AUGUST PORTFOLIO COMMITTEE MEETINGS

The purpose of the August meetings was to identify, as early as possible in the budget process, any possible shifts in direction for 2007/08, over and above the LTCCP, and to consider the impact of these on the levels of service and levels of funding in the LTCCP. This early identification enables key stakeholders to be appraised of the possible shifts and their feedback taken into account at the beginning of the budget process, rather than receiving it at the formal submission stage, when it is often too late to make major changes.

Portfolio Levels of Service

The August meeting was advised that further work was needed before a recommendation could be made on whether improvements were needed or not. A review of all LTCCP levels of service has now been completed and it is recommended that no changes are made in this portfolio.

Portfolio Levels of Funding

At the August meeting, the committee concluded that no changes were required to the 2007/08 work programmes in the LTCCP.

The following resolution was adopted by the Council on 30 August 2006.

EMERGENCY MANAGEMENT

That there are no significant changes proposed for the 2007/08 Annual Plan.

STAKEHOLDER FEEDBACK ON POSSIBLE SHIFTS IN DIRECTION

There has been limited feedback to date. Federated Farmers had a particular focus on Land, Water and Pest Portfolio issues and expressed concern at rate increases and were clear that any new work should be accommodated within existing budget. Further feedback will be tabled at the combined portfolio meeting.

PART 2: FINANCE AND AUDIT COMMITTEE REVIEW OF PORTFOLIOS

The Finance and Audit Committee will meet on 22 November 2006 to review Portfolio Committees' preparations for the 2007/08 Annual Plan. All Councillors are invited to attend this meeting. The Committee wishes to understand the reasons behind budget decisions to ensure that proposals going forward into the 2007/08 budget have been systematically and rigorously analysed. Portfolio Chairs have been asked to furnish a brief written summary of responses to each question before the Finance and Audit Committee meeting on 22 November. This will ensure all portfolios' views are heard and the review completed within the one day available.

The Finance and Audit Committee has compiled 11 questions relating to:

- A. Level of service and level of funding
- B. Cost effectiveness and cost efficiency of service delivery
- C. Project priorities
- D. Funding alternatives

The questions are set out in the following sections. Some of the questions will involve matters that have already been well aired by the Portfolio Committee. For these it should simply be a matter of recording the Committee's position and moving on. Other questions may require fresh discussion.

To facilitate the process, where the Committee's views are already known, the "response" has already been entered, but can be altered at the meeting. In other cases the response has been left blank, to be completed at the meeting.

A. LEVEL OF SERVICE AND LEVEL OF FUNDING

Questions 1 to 5 are aimed at ensuring that the demand driving planned changes in levels of service and levels of funding for 2007/08 are substantiated by facts and figures and that changes to services are reflected in changes in funding (this is a requirement of Schedule 10 of the Local Government Act).

RELEVANT REFERENCE MATERIAL

- LTCCP: p34
- Project Levels of Service and Funding for 2006/07: p13
- Appendix 1

QUESTIONS

Q1: For the underlying service requirements at group of activity and parent project level, what are trends in the demand for this service or the driver for activity?

Response

Activity	Trends in demand / Drivers
Policy making and planning	Increase is result of inflation
Operations	Increase is result of inflation and increase in depreciation and interest on capital for purchase of IT Information Management system for the Group Emergency Co-ordination Centre (ECC)

Q2: Do changes in the level of service warrant adjustments in the level of funding?

Response

N/A

Q3. Are there any new areas of work for project input and development to address changes in level of service?

Response

No

Q4: What effect would deferral, amendment or deletion have on service delivery?

Response

N/A

Q5: How does the proposed total budget for the portfolio compare with the budget in the LTCCP?

Response

No change.

B. COST EFFECTIVENESS AND COST EFFICIENCY OF SERVICE DELIVERY

Questions 6 and 7 are aimed at ensuring that the portfolio has considered all opportunities for improving cost effectiveness and cost efficiency of service delivery.

The Finance and Audit Committee Review of the Draft LTCCP identified no opportunities for cost efficiencies, nor were any raised at the August 2006 Portfolio Committee meeting. However, questions 6 and 7 require the committee to review this again whether opportunities for cost efficiencies or alternative methods of service delivery exist.

QUESTIONS

Q6: What opportunities exist for cost efficiencies in service delivery?

Response

No further opportunities for efficiency are possible.

Q7: Are there possible alternative methods of service delivery?

Response

No

C. PROJECT PRIORITIES

Questions 8 to 10 are aimed at ensuring that relative priorities within portfolios have been considered and that any new work associated with proposed shifts in direction has been assessed against them. Finally, has the portfolio identified any work that could be deferred?

The Finance and Audit Committee Review of the Draft LTCCP identified no areas of low priority work that could be deferred or cut in 2006/07. Questions 8 to 10 require the committee to identify areas of low priority work that it could consider deferring or cutting in 2007/08.

Q8: What are the relative priorities among the projects in relation to the group of activities in the portfolio?

Response

There is only one ECan funded project (Regional CDEM Policy). All other work is under contract to the Canterbury CDEM Group.

Q9: Are there new projects (or project adjustments) that have higher priority than existing projects?

Response

None

Q10: To accommodate new projects or project adjustments what other projects can be deferred?

Response

OPPORTUNITIES FOR FURTHER DEFERRALS	CONSEQUENCES
None	

D. FUNDING ALTERNATIVES

Question 11 is aimed at ensuring that funding alternatives have been considered.

Uniform Annual General Charges and other alternatives to general rates (possibly for work associated with water investigations and monitoring), will be brought to the Council for consideration in due course. In response to feedback to the Draft 2006-16 LTCCP, these issues will be taken back to the public for further consultation before they can be considered to introduction. Portfolio Committees may wish to defer discussion on them until further analysis of them has been completed.

The Finance and Audit Committee Review of the Draft LTCCP identified no alternative sources of funding. Question 11 requires the committee to consider this again.

Q11: Are there alternative funding sources to undertake the activities of the portfolio?

Response

None for the ECan funded project.

RECOMMENDATION TO THE COMBINED PORTFOLIOS COMMITTEE

That no changes are required to the levels of funding and expenditure or levels of service in the 2006-16 LTCCP for 2007/08.

APPENDIX 1: PARENT PROJECT LEVELS OF FUNDING FOR 2006/07 AND 2007/08

TABLE 1: LTCCP Budgets 2006/07 & 2007/08

ACTIVITY	PROJECT	2006/07 \$000	2007/08 \$000	% CHANGE	PLANNED FOR THE ANNUAL PLAN FOR 2007/08 <i>[KEY SHIFT IN DIRECTION FOR 2007/08]</i>
Emergency management		<i>1,341</i>	<i>1,417</i>	6%	
1. Policy making and planning		<i>19</i>	<i>20</i>	4%	As per 2006/07, including implementation of the ECan section in the Group Plan.
0558	Regional CDEM Policy	<i>19</i>	<i>20</i>	4%	
2. Operations		<i>1,322</i>	<i>1,397</i>	6%	At this stage it is proposed that the Group review possible budget changes for the 07/08 year at their meeting in Nov 06. <i>[No significant changes are envisaged]</i>
0550	CDEM Group Contract	<i>1,322</i>	<i>1,397</i>	6%	

TABLE 2: Funding Summary

Funding source	LTCCP 2006/07	LTCCP 2007/08
Interest	9	9
User pays/Other	110	113
Grants	17	17
Targeted rates	1,186	1,259
General rates	19	20
Total income	1,341	1,418
Operating expenditure	1,341	1,418
Operating surplus/(deficit)	-	-
General Reserve	-	-
Civil Defence Reserve	-	-
Total funding from reserves	-	-

AGENDA ITEM NO: 6	SUBJECT MATTER: 2007/08 ANNUAL PLAN - PROPOSED LEVEL OF SERVICE AND LEVEL OF FUNDING CHANGES
REPORT: Hazards and Emergency Management Portfolio Committee	DATE OF MEETING: 14 November 2006
FILE REFERENCES:	PORTFOLIO: Hazards PROJECT: – OUTPUT: –
REPORT BY: Brodie Young, Portfolio Convenor Hazards	ENDORSED BY: George Griffiths, Director Investigations & Monitoring

PURPOSE

1. To receive stakeholder feedback on possible shifts in direction identified in August 2006.
2. To recommend priorities, tradeoffs or deferrals for the 2007/08 Annual Plan to the Combined Portfolios committee, to enable staff to undertake the necessary budget amendments.
3. To prepare responses for the Finance and Audit Committee Review of Portfolios.

ATTACHMENTS

- Appendix 1: LTCCP Budgets for 2007/08.

Please bring the following to the meeting:

- The 2006-16 LTCCP.
- Project Levels of Service and Funding for 2006/07.

BACKGROUND

Whilst the Annual Plan for 2007/08 was set as part of the long term delivery of ECan's contributions to community outcomes, it is appropriate to look at the need to fine tune the annual programme to-

- ensure we are on course,
- reflect new information about resource demand,
- respond to changes in the operating environment,
- review alternative methods of funding, and
- review alternative methods of service delivery.

The Portfolio Committee has two tasks to complete:

1. PROGRESSING THE 2007/08 ANNUAL PLAN PROCESS- This will involve consideration of stakeholder feedback on possible shifts in direction identified by the Committee in August 2006, and the provisional rates estimates for 2007/08 for a range of indicator properties across Canterbury. Following this, the Committee will make decisions on the shifts in direction to the levels of service and levels of funding in the LTCCP for 2007/08, if any, to recommend to the Combined Portfolios Committee, having regard to priorities, tradeoffs or deferrals to the levels of service and levels of funding in the LTCCP for 2007/08.

2. PREPARING FOR THE FINANCE AND AUDIT COMMITTEE REVIEW OF PORTFOLIOS- This involves the review of portfolios' preparations for the 2007/08 Annual Plan to be undertaken by the Finance and Audit Committee. The review will examine the reasons behind budget decisions to ensure that proposals going forward into the 2007/08 budget have been

systematically and rigorously analysed. Portfolio Committees will be asked 11 questions relating to:

- Level of service and level of funding
- Cost effectiveness and cost efficiency of service delivery
- Project priorities
- Funding alternatives

The questions are set out in Part 2 of this paper.

IS AN AMENDMENT LIKELY TO BE REQUIRED TO THE 2006-16 LTCCP?

At this stage it is considered that the proposed changes to the 2007/08 budget and work programmes identified in August are not significant enough to trigger an amendment to the LTCCP. Amending the LTCCP is to be avoided as any amendment would almost certainly involve a full financial audit. This would necessitate extra council meetings to adopt documents pre and post audit, with attendant timing constraints and costs. The intention of the Local Government Act in respect of LTCCPs is to provide a high level of certainty for ratepayers, which means not changing them more than necessary. The LTCCP concept is to provide programmes over 10 years and variations between years will occur, which do not constitute amendments to the 10 year plan. This could include variations to the levels of rates.

Annual Plans are able to accommodate variations to the LTCCP, provided they do not include the matters listed in sec 97 of the Local Government Act and they do not alter significantly intended levels of service (significantly is not defined).

The question will become clearer when the extent of changes is confirmed at the December Council meeting.

WHAT IS THE NEXT STAGE?

At the completion of Portfolio Committee meetings and the Finance and Audit Committee Review of Portfolios, the Combined Portfolios Committee will consider individual Portfolio Committees' recommendations for recommending to the Council in November. The Finance and Audit Committee will report the findings of its Review of Portfolios separately to the Council in December.

Following this, staff will undertake the detailed budgeting work required and bring back a proposed draft budget in February to be adopted as the basis for the Draft 2007/08 Annual Plan.

Councillors are reminded that this November round of Portfolio Committee meetings is the second of three opportunities to introduce further changes. **The last opportunity is at the December Council meeting.**

PART 1: 2007/08 ANNUAL PLAN

Councillors will recall that the starting point for the 2007/08 Annual Plan is the levels of service and levels of funding in the LTCCP for 2007/08 and that increases in both have already been provided in 2007/08.

Councillors are reminded of the agreed principles for developing the 2007/08 Annual Plan.

- | |
|---|
| <ol style="list-style-type: none">1. The overarching objective is to manage variations to the LTCCP within the 2007/08 expenditure and revenue forecasts in the LTCCP (total exp +3.8%, gen rates +7.3%). |
|---|

2. If possible, avoid introducing matters requiring the LTCCP to be amended.
3. Budget may be re-allocated within and between portfolios to manage changed circumstances.
4. Options must be developed for any variations.

Background information for this portfolio can be found as follows.

Portfolio information

Portfolio information for 2007/08 can be found in the following places in the 2006-16 LTCCP:

- Levels of service: pp41-42
- Level of funding: p43

Activity and parent project information

Activity and parent project level of funding for 2007/08 can be found in Appendix 1. This also includes a comparison with 2006/07 and the reasons for any significant increases. Details of the possible shifts in direction raised at the August Portfolio Committee meetings, if any, are also shown.

While parent project levels of service for 2007/08 have not yet documented, they will be generally similar to those for 2006/07, which can be found on p17 of Project Levels of Service and Funding for 2006/07.

RECOMMENDATIONS FROM THE AUGUST PORTFOLIO COMMITTEE MEETINGS

The purpose of the August meetings was to identify, as early as possible in the budget process, any possible shifts in direction for 2007/08, over and above the LTCCP, and to consider the impact of these on the levels of service and levels of funding in the LTCCP. This early identification enables key stakeholders to be appraised of the possible shifts and their feedback taken into account at the beginning of the budget process, rather than receiving it at the formal submission stage, when it is often too late to make major changes.

Portfolio Levels of Service

The August meeting was advised that further work was needed before a recommendation could be made on whether improvements were needed or not. A review of all LTCCP levels of service has now been completed and it is recommended that the following changes be included in the 2007/08 Annual Plan, as a variation to the 2006-16 LTCCP.

TABLE 1: Recommended changes to portfolio levels of service

Reason for change	New or Revised Description	New or Revised Measure	New or Revised Target
Change order: - Current No. 4 should be changed to No.1. - Current No. 3 should be changed to No. 2 - Current No. 2 should be changed to No. 3	No change.	No change.	No change.

Reason for change	New or Revised Description	New or Revised Measure	New or Revised Target
Current No. 1 should be changed to No. 4			

Portfolio Levels of Funding

At the August meeting, the committee considered the following changes to the 2007/08 work programmes in the LTCCP. The committee now needs to review them in light of stakeholder feedback and decide whether or not to recommend they be included in the 2007/08 budget.

TABLE 2: Possible shifts in direction

Project number and name	Brief description	Indication of work that could be traded-off or deferred	Estimated change in budget	Impact on LTCCP levels of service
HAZARDS				
0730 Catchment Works in Rating Districts	10-year capital funding for Waimakariri secondary stopbank may not be enough. More detailed planning work in 2006/07 will determine the size of the shortfall.	May be able to increase use of reserves for 1 to 2 years, but beyond that may need to get rating district agreement to increased targeted rate. May need to look at general rate percentage.	To be tabled.	None.
0329 Natural Hazards Monitoring	\$300k expenditure and \$300k user-pays included for gravel management. No mechanism at present to collect gravel management charges (\$300k user-pays). This needs to be included in the 07/08 annual plan.	Already in budget. Needs an amendment to the funding policy and charges.	None.	None.

The following resolution was adopted by the Council on 30 August 2006.

HAZARDS

1. *That there are no significant changes proposed for the 2007/08 Annual Plan at this stage.*
2. *That the capital funding for the Waimakariri secondary stopbank may need to be reviewed by the rating district.*

STAKEHOLDER FEEDBACK ON POSSIBLE SHIFTS IN DIRECTION

There has been limited feedback to date. Federated Farmers had a particular focus on Land, Water and Pest Portfolio issues and expressed concern at rate increases and were clear that any new work should be accommodated within existing budget. Further feedback will be tabled at the combined portfolio meeting.

PART 2: FINANCE AND AUDIT COMMITTEE REVIEW OF PORTFOLIOS

The Finance and Audit Committee will meet on 22 November 2006 to review Portfolio Committees' preparations for the 2007/08 Annual Plan. The Committee wishes to understand the reasons behind budget decisions to ensure that proposals going forward into the 2007/08 budget have been systematically and rigorously analysed. Portfolio Chairs have been asked to furnish a brief written summary of responses to each question before the Finance and Audit Committee meeting on 22 November. This will ensure all portfolios' views are heard and the review completed within the one day available.

The Finance and Audit Committee has compiled 11 questions relating to:

- A. Level of service and level of funding
- B. Cost effectiveness and cost efficiency of service delivery
- C. Project priorities
- D. Funding alternatives

The questions are set out in the following sections. Some of the questions will involve matters that have already been well aired by the Portfolio Committee. For these it should simply be a matter of recording the Committee’s position and moving on. Other questions may require fresh discussion.

To facilitate the process, where the Committee’s views are already known, the “response” has already been entered, but can be altered at the meeting. In other cases the response has been left blank, to be completed at the meeting.

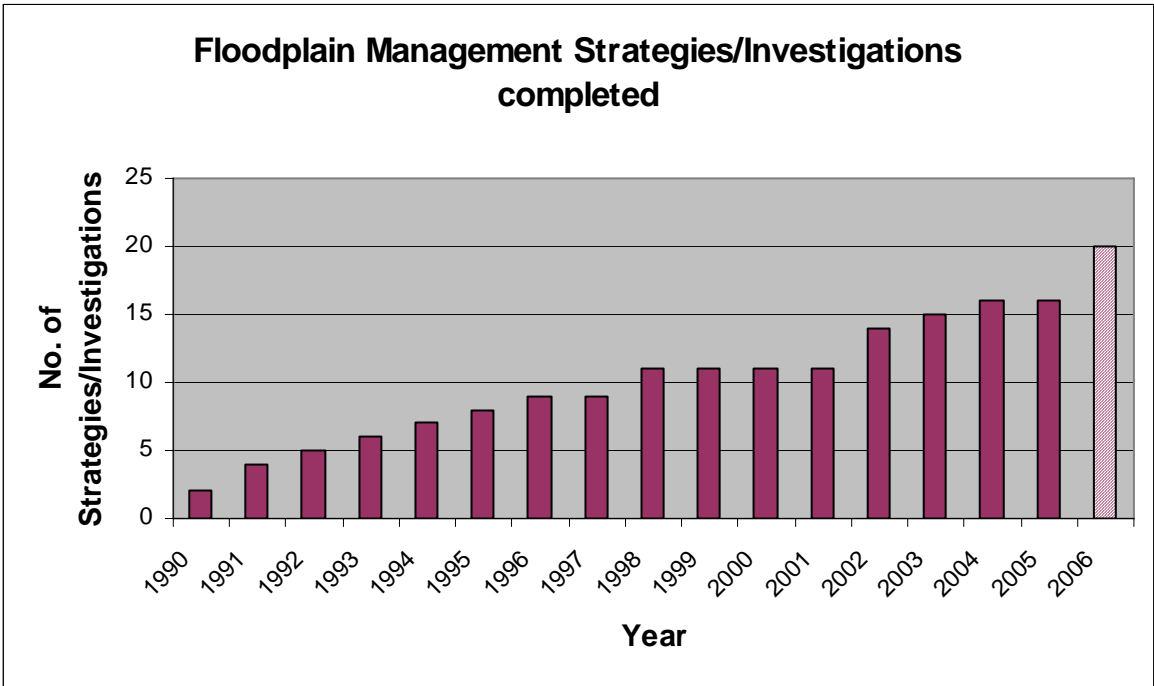
A. LEVEL OF SERVICE AND LEVEL OF FUNDING

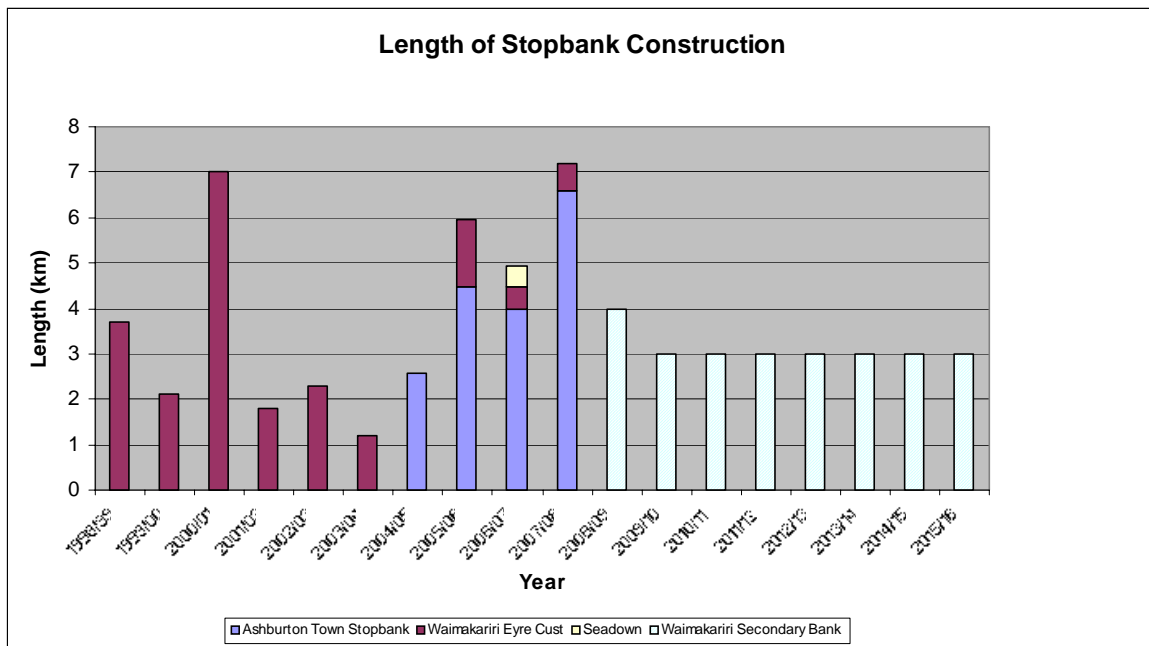
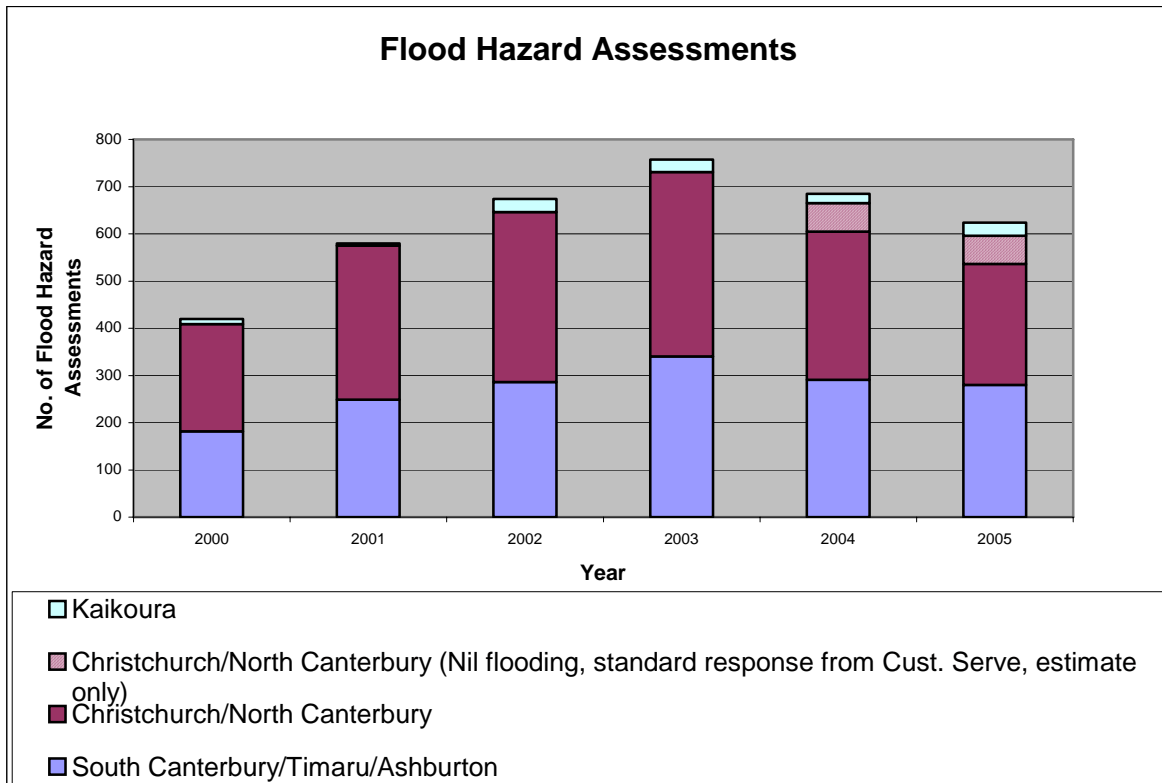
Questions 1 to 5 are aimed at ensuring that the demand driving planned changes in levels of service and levels of funding for 2007/08 are substantiated by facts and figures and that changes to services are reflected in changes in funding (this is a requirement of Schedule 10 of the Local Government Act).

RELEVANT REFERENCE MATERIAL

- LTCCP: pp41-43.
- Project Levels of Service and Funding for 2006/07: p17
- Appendix 1
- Trend information:

Included below are several graphs indicating trends in service delivery within the Hazards Portfolio (larger scale colour versions will be tabled at the meeting). These will be explained in detail and are a useful starting point for discussion. Information is provided on the compilation of Floodplain Management Strategies and major investigations, the provision of flood hazard assessments, and the amount of new stopbanks being constructed (including the proposed Waimakariri secondary bank).





QUESTIONS

Q1: For the underlying service requirements at group of activity and parent project level, what are trends in the demand for this service or the driver for activity?

Response

Activity	Trends in demand / Drivers
Investigating	<i>Increasing – Detailed investigations required for very complex and often adversarial resource consent applications.</i>
Policy making and planning	<i>Increasing – District Plan liaison and demand for Floodplain Management Strategies. Detailed hazard information required for the UDS.</i>
Monitoring	<i>Increasing – Monitoring flood protection scheme performance and gravel resource management.</i>
Operations	<i>Increasing – Large-scale stopbank proposals for Ashburton and Christchurch/Waimakariri areas.</i>
Communicating, educating and advocating	<i>Stable - Demand for flood hazard assessments.</i>
Regulating and enforcing	<i>N/A</i>

Q2: Do changes in the level of service warrant adjustments in the level of funding?

Response

While we are not proposing to change the wording of the level of service (see Table 1 above), as indicated at the August Portfolio meeting the 10-year capital funding for the Waimakariri secondary stopbank may not be enough. It is considered that we may be able to increase the use of reserves for 1 to 2 years, but beyond that there would be a need to get rating district agreement to increase the targeted rate. We may also be required to give further consideration to the general rate percentage (see Table 2 above).

Q3. Are there any new areas of work for project input and development to address changes in level of service?

Response

More detailed planning work in this current year (2006/07) will determine the size of the potential shortfall in funding the Waimakariri secondary stopbank. Also to be included in the 07/08 annual plan is \$300k expenditure and \$300k user-pays for gravel resource management. There is currently no mechanism to collect gravel management charges (\$300k user-pays) so an amendment to the funding policy and charges will be required.

Q4: What effect would deferral, amendment or deletion have on service delivery?

Response

Some of our services, such as the provision of flood hazard assessments, are an integral component of District planning and need to be resourced as such. The management of natural hazards, especially flooding, is principally our responsibility. Some investigations (flood hazard and/or geological hazard) can be deferred, but as we are the lead agency in this area there is an expectation by stakeholders that our programmed work will be completed.

Q5: How does the proposed total budget for the portfolio compare with the budget in the LTCCP?

Response

Detailed budgeting for next year has not yet been undertaken. Apart from the potential shortfall discussed above (Q.3), there is no indication that the overall budgets will be outside the LTCCP. Only 27% of the total portfolio income is general rate. The general

OPPORTUNITIES FOR COST EFFICIENCIES	CONSEQUENCES	ACTION TAKEN
zone. \$46,124. <u>0328 Tinwald Floodplain Management Strategy</u> <ul style="list-style-type: none"> Delay programme by one year.\$20,000. 	provided no significant rural development occurs in the area. <ul style="list-style-type: none"> No consequences, as work is already being delayed pending resolution of Valetta stopbank 	Deferred

Q8: What are the relative priorities among the projects in relation to the group of activities in the portfolio?

Response

(Committee to consider).

Q9: Are there new projects (or project adjustments) that have higher priority than existing projects?

Response

No.

Q10: To accommodate new projects or project adjustments what other projects can be deferred?

Response

OPPORTUNITIES FOR FURTHER DEFERRALS	CONSEQUENCES
(Committee to consider).	

D. FUNDING ALTERNATIVES

Question 11 is aimed at ensuring that funding alternatives have been considered.

Uniform Annual General Charges and other alternatives to general rates (possibly for work associated with water investigations and monitoring), will be brought to the Council for consideration in due course. In response to feedback to the Draft 2006-16 LTCCP, these issues will be taken back to the public for further consultation before they can be considered to introduction. Portfolio Committees may wish to defer discussion on them until further analysis of them has been completed.

Category 2 in the Finance and Audit Committee Review of the Draft LTCCP identified a list of funding alternatives, with priority for action, as shown in the following table. While this information was considered by the Portfolio Committee in August, the action intended to be taken was not recorded. Question 11 requires the committee to review that material again and record the action it recommends be taken.

TABLE 4 Category 2: Finance and Audit Committee Review of the Draft LTCCP

OPPORTUNITIES FOR COST EFFICIENCIES	CONSEQUENCES	PRIORITY	DUE DATE	COMMENTS	ACTION RECOMMENDED BY THE PORTFOLIO COMMITTEE IN AUGUST 2006
2. SOURCES OF FUNDING					
<p>Hazards</p> <ul style="list-style-type: none"> Funding investigations from communities where future rating districts are being considered. 	<ul style="list-style-type: none"> The cost of any investigations should be borne from the beneficiaries where works were subsequently required (timing issues). 	High	Ongoing	Is a matter for the Regional Affairs Committee? Need to agree boundary between Government and RC role, especially where there are no rating districts.	

Q11: Are there alternative funding sources to undertake the activities of the portfolio?

Response

(Committee to consider).

RECOMMENDATION TO THE COMBINED PORTFOLIOS COMMITTEE

- That the variation to levels of service involving changing the order to reflect relative priorities be included in the draft 2007/08 Annual Plan*
- That the increased expenditure required for the Waimakariri secondary stopbank be included in the draft 2007/08 Annual Plan.*

APPENDIX 1: PARENT PROJECT LEVELS OF FUNDING FOR 2006/07 AND 2007/08

TABLE 5: LTCCP Budgets 2006/07 & 2007/08

ACTIVITY	PROJECT	2006/07 \$000	2007/08 \$000	% CHANGE	PLANNED FOR THE ANNUAL PLAN FOR 2007/08 <i>[KEY SHIFT IN DIRECTION FOR 2007/08]</i>
Hazards		<i>8,985</i>	<i>9,415</i>	5%	
1. Investigations		<i>439</i>	<i>566</i>	29%	Continuation of investigations and reporting on earthquake, geological hazards and flood hazard. <i>[More investigative work required for the implementation of planned works for Waimakariri, Ashley and Ashburton. These investigations need to be very detailed and up to the standard required for Designations and Resource Consent applications.]</i>
0322	Ashley Floodplain Hydraulic Modelling	<i>121</i>	<i>68</i>	-44%	
0326	Natural Hazards Investigations	<i>180</i>	<i>186</i>	3%	
0330	Earthquake Hazard and Risk Assessment	<i>128</i>	<i>310</i>	142%	
0332	Washdyke Creek Flood Protection Investigation	<i>9</i>	<i>3</i>	-72%	
2. Policy making and planning		<i>360</i>	<i>361</i>	0%	Progressing the compilation and implementation of Floodplain Management Strategies around the Region. <i>[Possible reduction in staff resources in some Floodplain Management Strategy projects to allow for work above (expect to accommodate this within existing budgets).]</i>
0303	Waimakariri R Floodplain Planning	<i>34</i>	<i>41</i>	22%	
0315	Arowhenua Floodplain Management Strategy	<i>28</i>	<i>22</i>	-19%	
0317	Levels Plain Floodplain Management Strategy	<i>13</i>	<i>9</i>	-26%	
0319	Pleasant Point Floodplain Management Strategy	<i>33</i>	<i>13</i>	-60%	
0320	Avon River/Otakaro Floodplain Management Strategy	<i>17</i>	<i>18</i>	2%	
0323	Temuka Floodplain Management Strategy	<i>43</i>	<i>13</i>	-70%	
0327	District Planning Liaison - Natural Hazards	<i>138</i>	<i>140</i>	2%	
0328	Tinwald Floodplain Management Strategy	<i>18</i>	<i>79</i>	338%	
0333	Pareora Floodplain Management Strategy	<i>5</i>	<i>3</i>	-40%	
0358	Building Act Requirements	<i>32</i>	<i>22</i>	-30%	
3. Monitoring		<i>442</i>	<i>464</i>	5%	Same as 2006/07. Includes implementing gravel monitoring policy. \$300k expenditure and \$300k user-pays included. No mechanism at present to collect gravel management charges (\$300k user-pays). This needs to be included in the 07/08 annual plan.
0329	Natural Hazards Monitoring	<i>417</i>	<i>420</i>	1%	
0648	State of Environment Report - Natural Hazards	<i>25</i>	<i>44</i>	72%	
4. Operations		<i>7,379</i>	<i>7,649</i>	4%	Ongoing capital works programmes within the Waimakariri–Eyre–Cust, Ashburton and Ashley rating districts. Continue flood hazard reduction by maintaining works within existing rating districts. <i>[10-year capital funding for Waimakariri secondary stopbank may not be enough. More detailed planning work in 2006/07 will determine the size of the shortfall.]</i>
0250	Flood Alerts & Flood Management	<i>443</i>	<i>460</i>	4%	
0325	Public & Rating Catchment District Meetings	<i>50</i>	<i>52</i>	3%	
0730	Catchment Works In Rating Districts	<i>7</i>	<i>7</i>	4%	
5. Communicating, educating and advocating		<i>365</i>	<i>374</i>	2%	Increasing demand for flood and other hazard advice. There are approximately 600-700 requests for flood hazard advice each year. A user-pays system to help fund this service is now in place.
0254	Advisory - Natural Hazards	<i>326</i>	<i>334</i>	2%	
0349	Advisory - River Engineering	<i>39</i>	<i>40</i>	3%	

TABLE 5: Funding Summary

Funding source	LTCCP 2006/07	LTCCP 2007/08
Interest	487	489
User pays/Other	1,515	1,49
Grants	210	210
Targeted rates	5,013	5,024
General rates	2,676	2,846
Total income	9,900	10,061
Operating expenditure	8,985	9,415
Operating surplus/(deficit)	916	646
Capital Expenditure	1,603	1,861
To be funded from reserves	(687)	(1,215)
General Reserve	-	
Capital Reserve	191	191
Catchment Reserve	496	1,024
Total funding from reserves	687	1,215