

**259th MEETING OF THE
CANTERBURY REGIONAL COUNCIL**

COUNCIL MEETING

**TO THE CHAIRMAN AND COUNCILLORS OF THE
CANTERBURY REGIONAL COUNCIL**

MEMBERSHIP OF THE COUNCIL

Cr T K Burke (Chairman)

Cr R A Budd	Cr A G Neill
Cr A S Carroll	Cr M E Oldfield
Cr E H Cunningham	Cr J F Slee
Cr R H M Johnston	Cr N J Wagner
Cr R M Kirk	Cr J M Waters
Cr R I R Little	Cr W E Woods
Cr A R McKay	

A meeting of the Council will be held on

Thursday, 26 May 2005 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 THE COUNCIL**

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.

**CANTERBURY REGIONAL COUNCIL
COUNCIL MEETING
ORDER PAPER**

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MINUTES OF THE 258TH MEETING OF ENVIRONMENT CANTERBURY HELD IN THE
COUNCIL CHAMBER, 58 KILMORE STREET, CHRISTCHURCH ON THURSDAY, 28
APRIL 2005 AT 9.30 A.M.

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PRESENT

Councillors T K Burke (Chairman), R A Budd, A S Carroll, E H Cunningham, R H M Johnston, R M Kirk, R I R Little, A R McKay, A G Neill, M E Oldfield, J F Slee, N J Wagner, J M Waters and W E Woods.

MANAGEMENT AND OFFICERS PRESENT

Dr B R Jenkins (Chief Executive) and J C Pani (Manager Secretariat).

W Falconer (Director External Relations), K Lawn (Director Operations), J D Talbot (Director Policy and Planning) and I W Thomas (Finance and Corporate Services) were in attendance for part of the meeting and report authors were in attendance to present their reports.

1. APOLOGIES

Nil.

2. MINUTES OF MEETINGS

Moved Cr Waters, seconded Cr Little.

That the minutes of the 256th and 257th meetings held on 31 March 2005 and 7/12 April 2005 be confirmed as true and accurate records.

CARRIED

3. MATTERS ARISING

Cr Burke advised that the Christchurch City Council/Environment Canterbury Joint Committee inaugural meeting is to be held on 31 May 2005 at 4.15 p.m.

Cr Oldfield joined the meeting at 9.45 a.m.

Cr Cunningham requested that the membership of the Christchurch Area Committee include a representative of the Avon-Heathcote Ihutai Trust. Representation by the Avon-Heathcote Ihutai Trust was supported by the Chair of the Christchurch Area Committee, Cr Wagner.

Moved Cr Cunningham, seconded Cr Budd.

That a representative of Avon-Heathcote Ihutai Trust be invited to join Christchurch Area Committee.

CARRIED

Cr Slee advised that there were aspects of the submission on the Draft Waitaki Water Allocation Regional Plan that she wished to discuss. Cr Slee confirmed that she will follow the advice provided by John Talbot and raise any issues through the formal Council meeting process.

4. DEPUTATIONS AND PETITIONS

Nil.

5. HSNO BILL

Andrew Willis, Senior Policy Analyst, spoke to the submission to the Education and Science Committee on the Hazardous Substances and New Organisms (Approvals and Enforcement) Amendment Bill. Andrew advised that the main issue is that the Bill allows the Regional Council to become involved in administering the HSNO Act. He advised that Council “may” become involved rather than “has to” become involved.

Cr Neill pointed out that the submission should be in the name of Canterbury Regional Council rather than the promotional name of Environment Canterbury. Staff agreed that the correct title for Environment Canterbury in a submission process was its official name Canterbury Regional Council.

Moved Cr Waters, seconded Cr Wagner.

That the Council endorses the submission as amended on the Hazardous Substances and New Organisms (Approvals and Enforcement) Amendment Bill by Canterbury Regional Council.

CARRIED

6. SUBMISSION ON PROPOSED REGIONAL PEST PLANT MANAGEMENT STRATEGY FOR THE WEST COAST

Brenda Green, Senior Resource Management Planner, spoke to the submission on the proposed Regional Pest Plant Management Strategy for the West Coast. Minor amendments were noted by Brenda to be incorporated into the submission to be presented by the Canterbury Regional Council.

Moved Cr Johnston, seconded Cr Kirk.

That the Council endorses the submission as amended on the Regional Pest Plant Management Strategy for the West Coast.

CARRIED

7. PLANNING OPTIONS FOR MARINE FARMING FOLLOWING FROM THE AQUACULTURE REFORM LEGISLATION

Cr Cunningham declared an interest as a member of the Te Runanaga o Koukourarata who is an applicant for marine farming.

David Gregory, Senior Resource Management Planner, circulated additional information including a map “deemed AMAs (Aquaculture Management Areas) March 2005” and an additional recommendation (d) requesting Council endorsement of the resolution passed at its meeting of 19 February 2004.

David Gregory spoke to his report including providing an explanation of the three options detailed in the attachment to the report.

Richard Ball, Coast Biodiversity and Pest Policy Manager advised Council that he had been meeting with aquaculture firms to discuss any issues.

There was discussion on any potential impact of recommendation (d) on issues that are at present before the Environment Court. David Gregory advised Council that it was likely, by Council endorsing its 19 February 2004 resolution, influence on the Environment Court would be minimal

Moved Cr Waters, seconded Cr Kirk.

- (a) *That Environment Canterbury does not proceed with a Coastal Water Space Allocation Plan Change at this stage.*
- (b) *That Environment Canterbury continues work to identify areas where Private Plan changes will not be acceptable, including First Schedule consultations on such areas.*
- (c) *That Environment Canterbury continues to work with the aquaculture industry to identify areas of interest for new AMAs, and other ways of supporting the sustainable development of aquaculture in Canterbury.*

CARRIED

Moved Cr Waters, seconded Cr Kirk.

- (d) *That Environment Canterbury endorses the resolution of the Council meeting of 19 February 2004 that stated: "That Council supports, in part, the decision by Environment Canterbury on the Southern Seas marine farm consent applications through mediation and/or Environment Court hearing to the extent that it is consistent with independent technical evidence on the level of acceptable adverse effects, that is one site in one specific location, while endeavouring to ensure that the integrity of the Proposed Regional Coastal Environment Plan is maintained."*

CARRIED

Crs Little, McKay, Neill and Oldfield recorded their votes against recommendation (d).

Morning tea was taken from 10.30 – 10.45 a.m.

8. PROGRESS REPORT ON PREPARATION FOR VARIATION TO NRRP

John Talbot, Director Policy and Planning, introduced this item by advising Council that progress had been slower than previously indicated.

Mr Talbot circulated to Councillors additional information by way of correspondence exchanged between himself and Ms Pru Steven, Partner, Goodman Steven Tavendale and Reid. Ms Steven had copied her letter addressed to Mr Talbot dated 26 April 2005 to Councillors. Mr Talbot advised Council of his concern about a solicitor communicating directly to Councillors and himself about a case that was before the Court.

Mr Talbot advised that there were two processes in place (Section 293 application and the NRRP variation) and confirmed that consultation on the NRRP variation would be extensive and involve affected groups and individuals. Mr Talbot further advised that reporting back on the draft variation would include land use issues, including effects on the Council's own land.

Moved Cr Budd, seconded Cr Waters.

That the April progress report on the process to prepare a draft Variation to the NRRP to protect Christchurch's groundwater be received.

CARRIED

Items 13 and 14 were taken at this time.

13. SOUTHWEST AND EAST METRO SERVICE REVIEW

Rachel Gibson, Passenger Services Operations Planner, supported by Matthew Noon, Strategic Planner (Operations), gave a PowerPoint presentation to Councillors on the information provided in their report on the South West and East Metro Service Review.

Ms Gibson confirmed that in recommendation (c) Russley should read Hei Hei and recommendation (c) should read as follows: "That the 83 Hornby via Hei Hei be through-routed with the 43 New Brighton via Burwood."

Moved Cr Wagner, seconded Cr Budd.

- (a) *That the 5 Southshore to Hornby, 51 New Brighton via Aranui, Lincoln to Hornby Shuttle and 81 Lincoln as outlined in this report be tendered.*
- (b) *That a Hornby to Templeton shuttle and a Hornby to Rolleston and Burnham shuttle be introduced.*
- (c) *That the 83 Hornby via Hei Hei be through-routed with the 43 New Brighton via Burwood.*
- (d) *That the 84 Hornby via Russley be through-routed with the 42 New Brighton via Avondale service.*
- (e) *That an hourly shuttle between Southbridge, Leeston, Doyleston, Irwell, Springston and Lincoln be trialled for a one-year period.*

CARRIED

14. REVISED FARE ZONE BOUNDARIES FOR THE GREATER CHRISTCHURCH METRO SYSTEM

Matthew Noon, Strategic Planner (Operations), gave a PowerPoint presentation on the information provided in the revised fare zone boundaries for the greater Christchurch Metro system.

Moved Cr Wagner, seconded Cr Woods.

That the revised fare zone boundaries (map B) for the greater Christchurch Metro system be adopted.

CARRIED

Item 9 was taken at this time.

9. CANTERBURY CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP MINUTES OF MEETING 9 AND 30 MARCH 2005

Cr Kirk commented that the minutes of these meetings contained a significant number of submissions to the Civil Defence Management Plan (Plan), but the report of the meetings did not provide comment on all issues raised in the submissions. There was discussion on the response being planned to warn seaside residents of impending tsunami dangers, which were included in the Plan.

Cr McKay responded explaining that there would be warning sirens in place as well as selected radio stations, who have access to their own emergency generators, providing public information. This information will be listed in the telephone directory. It was also commented that Jon Mitchell, Civil Defence Emergency Management Planner would be able to provide additional information. It was also commented that all submitters to the management plan process would receive responses on the issues that they raised.

All people in the foreshore area, and well back if there is time, will be informed by loud hailing systems and Police sirens. They will also be informed where to go for evacuation.

Dr Bryan Jenkins advised Cr Slee that he would provide her with information relating to the area along the lower Waitaki.

Wilma Falconer confirmed that it is the responsibility of Environment Canterbury Communications Team to provide support and advice on communication issues. The details of what is communicated will be driven by the Plan.

Moved Cr Burke, seconded Cr McKay.

That the unconfirmed minutes of the Canterbury Civil Defence Emergency Management Group Joint Committee meetings held on 9 and 30 March 2005, be received.

CARRIED

10. REPORT OF REPRESENTATION REVIEW COMMITTEE

Mr Peter Berry, Consultant, assisting Environment Canterbury with its representation review was in attendance for this item. Cr Johnston, Chair of the Representation Review Committee spoke to the report. Peter Berry then presented an overview of the process and reminded Council that it needed to consider both its electoral system and Māori constituencies prior to reviewing its representation arrangements.

There was discussion on the information received from Statistics New Zealand relating to Māori details. Clarification is required on the numbers of Māori for the purposes of this exercise.

Cr Little advised that he had made a submission to the Select Committee reviewing the 2004 elections. Cr Little offered to abstain from voting on this item if that was appropriate. Cr Burke advised that he would circulate the Bay of Plenty decision to all Councillors.

Moved Cr Johnston, seconded Cr Budd.

- (a) *That the report on Representation Review be received.*
- (b) *That the Representation Review Committee endorses the options detailed in the report for recommendation to the Council.*
- (c) *That the Representation Review Committee recommends to Council that it considers the matters of voting systems and Māori Constituencies at an early date.*
- (d) *That the proposed timetable for the Representation Review be endorsed.*

Lunch was taken at 12.30 to 1.15 p.m.

11. REPORT OF THE PORTFOLIO COMMITTEES

It was confirmed that minutes from the Portfolio Committee meetings will be provided to the next meetings of the Portfolio Committees and the report included with the Council agenda is the report to Council. There was discussion on appropriate timeframes for the Portfolio Committee meetings. Some Councillors considered more time was required, others felt the timeframes were generous.

Minor amendments to the Land Biodiversity Waste Hazardous Substance and Contaminated Sites report were identified: Inclusion of "Regional" as well as District Plans in the reference to changes to legislation and correcting the spelling of Mackenzie

Moved Cr Burke, seconded Cr Budd.

That the report of the Portfolio Committees held on 26 and 27 April 2005 be received.
CARRIED

15. INFORMATION ITEMS

Moved Cr McKay, seconded Cr Waters.

- (a) *That the information on the documents sealed under delegated authority be received.*
- (b) *That the Chair, Cr Burke, Cr Oldfield and Cr Slee work with staff to identify an appropriate date for a Council meeting to be held in Timaru.*

CARRIED

That the following leave of absence be received:

- Cr Burke: 13-20 May 2005
- Cr Slee: 16-24 May 2005
- Cr Oldfield: 19 June - 8 July 2005.

16. LGNZ CONFERENCE – COUNCILLOR ATTENDANCE

Moved Cr Johnston, seconded Cr Budd.

- (a) *That the Council be represented at the LGNZ Conference 2005 by the Chairman, Chief Executive and two Councillors.*
- (b) *That the two Councillors be Cr Carroll and Cr Oldfield.*

CARRIED

Cr Johnston considered that being represented by two Councillors at the Local Government New Zealand Conference was an insufficient number, particularly considering that the conference was being held in Christchurch. The Chair suggested Cr Johnston might like to raise this issue at next month's meeting.

17. FINANCIAL REPORTS ON COUNCIL PORTFOLIO ACTIVITIES

Wayne Thomas presented the financial reports on Council Portfolio activities. He advised that project leaders had been requested to provide a projection to year-end and that these showed a reduced surplus for general rate funded programmes. He further advised that with targeted rate programmes, there would be significant surpluses arising in regard to CleanHeat and a lesser surplus for River Engineering. The targeted rate surpluses will be carried forward at year-end and applied in the future against the respective programmes.

Moved Cr Budd, seconded Cr Johnston.

That the information on the financial reports for the period ending 31 March 2005 be received.

CARRIED

17A. TARGET PEST ENTERPRISES – CASH FACILITY

Cr Johnston and Cr Woods declared an interest as Directors of Target Pest Enterprises Limited.

Moved Cr Budd, seconded Cr Waters.

- (a) *That the Finance and Audit Committee be requested to consider a proposal to be prepared for the grant to Target Pest Enterprises Limited of a short-term cash facility.*
- (b) *That the Committee be granted power to approve the proposal, if appropriate, and to set the terms and conditions to which the facility would be subject as it sees fit.*

CARRIED

Cr Oldfield requested his vote against this recommendation be recorded.

18. COUNCILLOR REPORTS EXTERNAL APPOINTMENTS/CONFERENCES/ SEMINARS

The Chair reported back on his recent attendance at the Regional Development Conference.

The Chair supported by the Chief Executive reported back on a recent presentation by the Ministry for the Environment on climate change.

Cr Little briefed Council on his attendance at the recent Ballance Farm Awards and advised he would be attending a field day on 29 April 2005.

Crs Budd and Neill provided feedback to Council as representatives on the Urban Development Strategy Forum. They commented on the very successful public meeting facilitated by Chris Laidlaw. They advised that the launch was held on 19 April 2005. Cr Neill congratulated The Press newspaper for its contribution to the profile of the Urban Development Strategy.

Cr Cunningham advised that several Councillors attended a programme on Enviro Education recently held at Christchurch City Council. Awards were presented to four schools in the Christchurch and Ashburton areas. She congratulated the staff at both Councils for initiating the programmes and supporting the schools.

19. NOTICES OF MOTION

Nil.

20. QUESTIONS

Cr McKay asked what progress has been made in attending to Schedule WQN9 of the Proposed NRRP, and what process is being followed to amend the Schedule. The Chief Executive advised that a response would be provided at next month's meeting.

21. EXTRAORDINARY AND URGENT BUSINESS

Council received a request for consideration of item 21.1 – Community Initiated Possum Control Programme for Banks Peninsula – as urgent business. Council had previously approved a Stop Press in the Annual Plan on consultation on this programme. The reason why the discussion of this item could not be delayed until a subsequent meeting was that the Council needed to resolve the weighting of individual landowners votes prior to consultation which is to occur with the consultation of the Annual Plan Stop Press during May.

Moved Cr Budd, seconded Cr Neill.

That the Council receives item 21.1 Community Initiated Possum Control Programme for Banks Peninsula for discussion.

CARRIED

21.1 COMMUNITY INITIATED POSSUM CONTROL PROGRAMME FOR BANKS PENINSULA

Rob Phillips, Portfolio Manager Pests/Biosecurity presented this item for discussion and decision on a proposal by the Banks Peninsula Pest Management Liaison Committee on district wide possum control programmes.

Moved Cr Johnston, seconded Cr Budd.

- (a) *That the Banks Peninsula Pest Management Liaison Committee proposal be accepted and used as a basis for consultation with the Banks Peninsula and Port Hills communities including a survey of the level of support.*
- (b) *That the weighting of individual land owner votes be one vote per rural valuation assessment with at least 75% of the responses supporting the proposal.*

CARRIED

The meeting moved into public excluded at 2.45 p.m.

22. MEETING WITH PUBLIC EXCLUDED

The meeting then moved into Public Excluded.

Moved Cr Burke, seconded Cr Budd.

That the public be excluded from the following part of the proceedings of this meeting, namely:

22.1 *Public Excluded Minutes, 31 March 2005*

22.2 *Report of the Regional Land Transport and Public Passenger Transport Portfolio Committee (Public Passenger Transport Issues)*

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<i>General subject of each matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
22.1 <i>Confirmation of Minutes</i>	<i>That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.</i>	Section 48(1)(a)
22.2 <i>Report of the Regional Land Transport/Public Passenger Transport Portfolio Committee (Public Passenger Transport Issues)</i>	<i>That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.</i>	Section 48(1)(a)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 7

of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

22.1 *Maintain legal professional privilege – Section 7(2)(g).*

Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) section 7(2)(i).

22.2 *Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – section 7(2)(b)(ii).*

Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) section 7(2)(i).

CARRIED

The meeting moved into open meeting at 3.20 p.m.

IN OPEN MEETING

Moved Cr Budd, seconded Kirk.

That the Council move back into Open Meeting.

CARRIED

23. NEXT MEETING

Next meeting is to be held on 26 May 2005.

24. CLOSURE

The meeting closed at 3.30 p.m.

CONFIRMED

DATE _____ CHAIRPERSON

AGENDA ITEM NO: 5	SUBJECT MATTER: ENVIRONMENT CANTERBURY EMERGENCY RESPONSE INSURANCE REQUIREMENT
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: Emergency Management PROJECT: CDEMG Services OUTPUT:
REPORT BY: John Talbot Director Policy and Planning	ENDORSED BY:

PURPOSE

To enable the Council to consider the provision of insurance cover for relevant costs incurred as a result of declared emergency events. (Note: A similar report will be considered by the CDEM Group at its next meeting.)

ATTACHMENTS OR DOCUMENTS PREVIOUSLY CIRCULATED

Reports on this matter have been considered previously by the CDEMG, with the result that further information be sought before a final decision was made for the 2005/06 budget (note that the draft budget in the draft annual plan of Environment Canterbury contains the status quo, and that any changes would be considered through the submission process).

BACKGROUND

At present, Central Government reimburses costs incurred in a declared civil defence emergency for the accommodation, transporting, feeding and clothing people who could not continue to live in their usual place of residence. In addition, Central Government contributes on a 2:1 subsidy basis, to all other costs (except those associated with the protection of property) which are in excess of a sum equivalent to 0.01% of the net equalised capital value of the district(s) for which the emergency event was declared. This leaves what is termed a "subsidy gap". Local authorities cover this gap in a variety of ways, e.g. insurance cover, "self insure".

The table below details the level of insurance cover each local authority has in place for 2004/05, bearing in mind that until the new CDEMG Plan was approved at the end of April 2005, all councils were still operating under the old Civil Defence Act (1983). When the new Plan was approved (which occurred on 22 April 2005), the regional role of Environment Canterbury essentially disappeared (no regional emergency events, but replaced by Group events), and the focus for all councils widened to include all hazards, and to cover property as well as people.

Name of Local Authority	Limit of Indemnity \$\$
Kaikoura District	150,000
Hurunui District	150,000
Waimakariri District	500,000
Christchurch City	Nil
Banks Peninsula District	250,000
Selwyn District	500,000
Ashburton District	150,000
Timaru District	500,000
Mackenzie District	250,000
Waimate District	Nil
Environment Canterbury	4,500,000

At the previous CDEMG meeting, it was resolved:

- (a) That Environment Canterbury maintains on behalf of the Group \$4.5 million emergency expenditure insurance cover.
- (b) That each territorial authority review the amount of insurance required to cover this risk in their district and advise the CDEM Group Joint Committee of their required level of cover.
- (c) That the CDEM Group and the territorial authorities agree on the insurance arrangements following the review.

In addition, the new CDEMG Plan makes it clear that district councils will be responsible for meeting all declared emergency event expenditure incurred in their districts as directed by local controllers or the Group Controller. This includes apportionment of costs, which are incurred over several districts. There will be no declared emergency event expenditure apportioned to Environment Canterbury. There may be some expenditure that cannot be apportioned to district councils, and be left to the CDEMG as a whole to meet (this requirement is considered further below). These CDEMG costs would be associated with the operation of the Group Emergency Coordination Centre (ECC), provision of specialist advice to the Group Controller, and use of resources specifically requested by the Group Controller, which is not in direct support of a district emergency. Otherwise, all costs will be recovered from the district councils in which the emergency event was declared.

In response to the CDEMG request in (b) above, those district councils which have responded, advise that they are comfortable with their current arrangements. For Environment Canterbury, there is now no need to continue any insurance cover. For the CDEM Group, there is a need to consider some insurance. The CDEMG will consider this at its next meeting.

There are two other associated financial provision aspects which the CDEMG needs to consider: appropriate financial resources available immediately an event is declared; and, appropriate level of reserves in the separate rate account held by Environment Canterbury for the Group.

It is anticipated that in a major declared emergency event the Group will have to, at least initially (and before any such costs can be apportioned to the relevant district councils), meet some costs of running the ECC and response activities, e.g. three weeks ECC operation, hire of aircraft for observation, providing public information, transport costs. It would be expected that these types of activity would be able to be paid for promptly. It is very difficult to assess the quantum of this activity, however, it is considered prudent to have \$2M readily accessible. This can be provided through an agreed drawdown facility with a bank. Environment Canterbury already has similar arrangements for major repairs to flood management infrastructure, and an additional \$2M for declared emergency events would cost the CDEMG around \$10,000 per annum.

The separate rate account for the CDEMG is expected to have a reserve in excess of \$100,000 at the end of this 2004/05 financial year. The CDEMG can utilise this reserve as it sees fit, however, it would be prudent to retain a level of reserve to deal with events that do not escalate into a full declared emergency. For example, there may be a need to provide additional public information around impending events, use of aircraft, specialist advice, running a low level ECC for a few days. It is considered that a reserve of at least \$100,000 would be prudent. The use of the reserve should be restricted to meeting unbudgeted activities the Group Controller determines is necessary to monitor/support potential and actual emergency events.

THE PROPOSAL

There are three areas the CDEMG needs to resolve which will require action by Environment Canterbury to implement.

1. Insurance Cover

It is clear that the district councils and the CDEMG Plan allocate all the costs of any declared emergency event (and therefore the "subsidy gap") to the district councils, and that the councils will cover this in a variety of ways that suits their particular needs. It is for the district councils to assess the level of risk and appropriate level of insurance cover, if any. The proposal for the CDEMG is, therefore, to not take out any insurance cover, and inform Environment Canterbury that the Group does not require its insurance cover. This will result in a decrease in the CDEMG draft budget through the removal of the insurance premium expenditure. This will be dealt with through the 2005/06 Draft Annual Plan submission process.

This change also means that Environment Canterbury has to resolve to cancel its insurance policy, as there is no longer any "regional" role in declared emergencies, rather the CDEM Group continues this wider role.

2. Financial Drawdown Facility

It has been identified that there will be significant unbudgeted expenditure incurred in the start-up and early stages of a declared emergency, that will need to be promptly paid for. A drawdown arrangement with a bank is an appropriate mechanism. It is proposed, therefore, that a \$2M drawdown facility be arranged at a cost of around \$10,000pa. This will be dealt with through the 2005/06 Draft Annual Plan submission process.

3. Financial Reserve

It has been identified that there will be unbudgeted expenditure incurred when activating the ECC prior to any potential emergency event and when monitoring/supporting such events by the Group Controller. It would also be prudent to retain a level of financial reserve to deal with events that do not escalate into a full declared emergency. It is proposed, therefore, to retain reserves at least at \$100,000 for this purpose (subject to its availability). The result of this policy decision will be dealt with through the 2005/06 Draft Annual Plan submission process.

RECOMMENDATIONS

(a) Insurance Cover

That, when the CDEMG resolves to not take out any Group insurance cover for declared emergency events, relying instead on individual district councils to assess their level of risk and appropriate mechanism to cover that risk (as set out in the new CDEMG Plan which provides that all costs will be apportioned to the district(s) within which the emergency occurs); and

That when the CDEMG informs the Council that it will not be continuing any insurance cover, and that the CDEMG budget for 2005/06 be adjusted to remove the provision of the insurance premium;

That the Council cancels the existing \$4.5M insurance cover which was taken out when there was a regional role in civil defence emergency response and which role is now the responsibility of the CDEM Group under the new CDEMG Plan.

(b) Financial Drawdown Facility

That the Council note that the CDEMG will be considering at its next meeting to approve a financial drawdown facility of \$2M to be available to cover the costs of start-up and early stages of responding to a declared emergency; and

That the Council note that the CDEMG will then request the Council to make provision for the financial drawdown facility, and that the CDEMG budget for 2005/06 onwards be adjusted accordingly, noting that advice has indicated a cost of around \$10,000pa for such a facility.

(c) Financial Reserve

That the Council note that the CDEMG will be considering at its next meeting to approve \$100,000 as the appropriate level of reserves towards covering unbudgeted expenditure incurred when activating the ECC prior to any potential emergency event and when monitoring/supporting such events by the Group Controller; and

That the Council note that the CDEMG will then request the Council to retain the financial reserve at this level in budgeting for 2005/06 and in subsequent years (subject to its availability), and to utilise any remaining reserves each year for the operational budget.

AGENDA ITEM NO: 6	SUBJECT MATTER: BURIAL OF ANIMAL CARCASSES – MOU WITH BIOSECURITY NZ
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: Water/Regulatory PROJECT: OUTPUT:
REPORT BY: John Talbot Director Policy and Planning	ENDORSED BY:

PURPOSE

The purpose of this report is to update the Council on the work being undertaken by Biosecurity NZ to plan for responding to outbreaks of serious unwanted animal diseases, and to seek the Council's involvement in the collaborative proposal.

DOCUMENT TO BE PROVIDED

Draft MOU between Biosecurity NZ and all regional councils will be provided when available.

BACKGROUND

Biosecurity NZ is undertaking contingency planning for responding to an outbreak of unwanted animal diseases (such as foot and mouth disease). Part of the planning is to be able to dispose of large numbers of animal carcasses. Biosecurity NZ recognises that regional councils have Resource Management Act responsibilities which will overlap any disposal options, and that councils have in-house expertise and systems which will complement Biosecurity NZ's work programme. All regional councils have been engaged with Biosecurity NZ over the past year in discussions on how the collaborative programme should proceed. The result to date is the suggested MOU which outlines understandings and commitments of all agencies, and a methodology for proceeding with identifying disposal sites. It is important to recognise that there will be limited costs falling to regional councils as a result of the MOU; Biosecurity NZ undertakes to fund most of the activity.

THE PROPOSAL

All regional councils are currently considering the MOU, and will make their decisions during May. The proposal is that the Council becomes a signatory to the MOU.

FINANCIAL

The cost of Canterbury Regional Council's involvement will be substantially reimbursed from Biosecurity NZ.

RECOMMENDATION

That the Council becomes a signatory to the "MOU in Respect of the Burial of Animal Carcasses".

AGENDA ITEM NO: 8	SUBJECT MATTER: REVIEW OF REGIONAL POLICY STATEMENT
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Bryan Jenkins Chief Executive	ENDORSED BY:

PURPOSE

To set out an approach for undertaking the Review of the Regional Policy Statement and to get Council endorsement of an approach.

ATTACHMENTS

Diagrammatic versions of approaches Figures 1, 2 and 3.
Extracts from Resource Management Act pertaining to the preparation of Regional Policy Statements – Attachment 1. Sustainability framework consistent with Local Government Act requirements as well building on current concepts of sustainability – Attachment 2

BACKGROUND

The desire of Council is to undertake the review of the Canterbury Regional Policy Statement in a collaborative manner with Territorial Authorities. This requires the development of a process in consultation with Territorial Authorities and key stakeholders.

The success of getting collaborative approaches with community interests in the Lower Waitaki Management Plan and the South Canterbury Water Enhancement Group provide potential models that could be followed. The Canterbury Strategic Water study Stage 3 is also predicated on a multi-stakeholder consultation approach.

In addition, there are existing processes that can provide the basis for components of a Regional Policy Statement. For example, the Greater Christchurch Urban Development Strategy is a non-statutory process that to be effective in the long term requires statutory backing. The Regional Policy Statement could provide the statutory instrument to provide such backing.

There are also other strategic processes that could inform the Regional Policy Statement. Kaikoura is developing a growth strategy. The outcome of this strategy could be incorporated in the Regional Policy Statement. The Canterbury Strategic Water Study is another example. The Christchurch public passenger transport strategy is a non-statutory document that is guiding Christchurch City Council and Environment Canterbury in their joint efforts to advance public passenger transport.

The previous model of regional council development of statutory instruments of Environment Canterbury by preparing a draft set of rules for consideration by others has led to adverse reactions from stakeholders of regional council interference and subsequent variations to the rules and the weakening of their effect. The approach in the past has not engendered

stakeholder commitment to the final document. (A diagrammatic version of the regulatory approach is shown in Figure 1.)

It has been seen as a *regional council* document rather than a *regional* document. The regional council has driven both information and the process. The regional council generates initial information and the submissions are to the regional council. The degree of consideration in the formal process is at the regional council's discretion. Information recording approaches such as *open strategy* (currently in use in the Lower Waitaki Management Plan) enable stakeholders to retain ownership of their information throughout the process.

The adversarial nature of the process has continued with trying to ensure compliance with the rules through district planning liaison, regulation and court proceedings. Policy statements weakened by compromise in order to get agreement have not always provided an adequate basis for defining compliance requirements and have not always been supported by the courts.

The requirements of the Resource Management Act (Act) provide some flexibility in the issues that can be considered in a Regional Policy Statement and the Act only becomes prescriptive about process once the statutory process has commenced. A copy of the relevant sections of the Act is attached. (Refer Attachment 1).

An alternative approach of discussing issues through a non-statutory process and only moving to statutory backing once agreement has been reached is seen as a more appropriate approach in the present circumstances. A collaborative approach to achieving a policy statement is shown in Figure 2.

For the Regional Policy Statement review, it is appropriate to incorporate the outputs of existing non-statutory strategies, such as the Urban Development Strategy, Strategic Water Study, Public Passenger Transport Strategy for Christchurch and the Kaikoura Growth Strategy. A diagram of this approach is shown in Figure 3.

In light of the requirements of the Local Government Act, it is appropriate to set the Regional Policy Statement in a sustainability framework. Recent reviews of sustainability appraisals (Sadler, 2005) and sustainability indicator frameworks (Statistics NZ, 2002) have indicated that there is not a standard approach to follow. A sustainability framework consistent with Local Government Act requirements as well building on current concepts of sustainability is set out in Attachment 2. This framework has been proposed for the Canterbury Strategic Water Study and has already proven useful in the stakeholder identification stage.

THE PROPOSAL

It is proposed that the Council consider the following key elements:

- Approach to undertaking the review of the Regional Policy Statement
- The process of achieving agreement with TAs on the process of collaboration
- Ensuring existing RMA processes, e.g. NRRP and Regional Coastal Plan, are not undermined
- The adoption of a sustainability framework for the Regional Policy Statement
- The approach for identifying the key stakeholders
- The approach to commencing the initial phase of issue identification

RECOMMENDATION

That the Council considers and endorses an approach for undertaking the Review of the Regional Policy Statement.

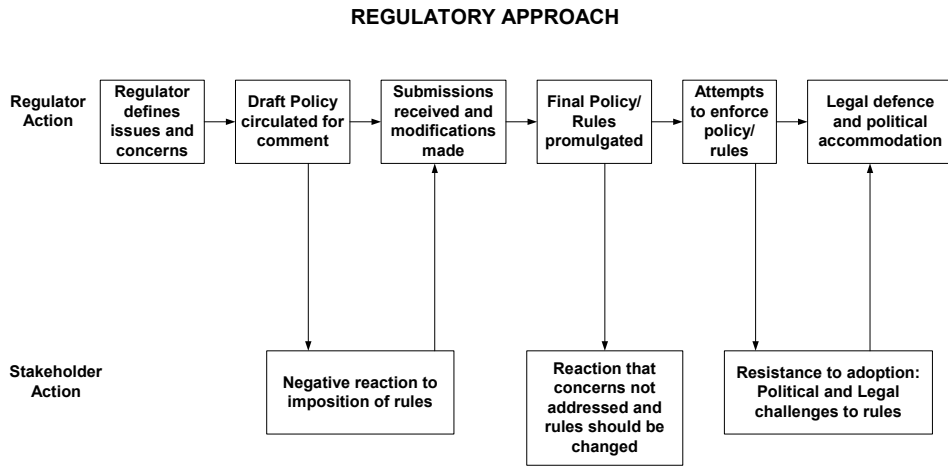


Figure 1

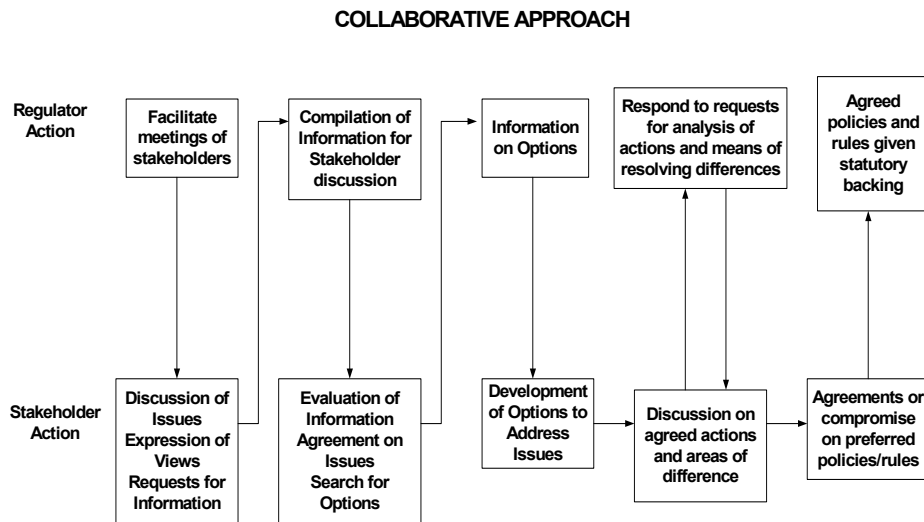


Figure 2

PRESSURE/STATE/RESPONSE MODEL FOR ENVIRONMENTAL MANAGEMENT

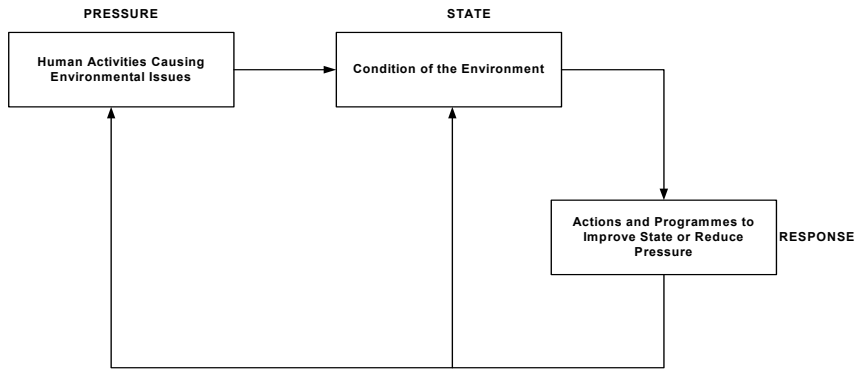
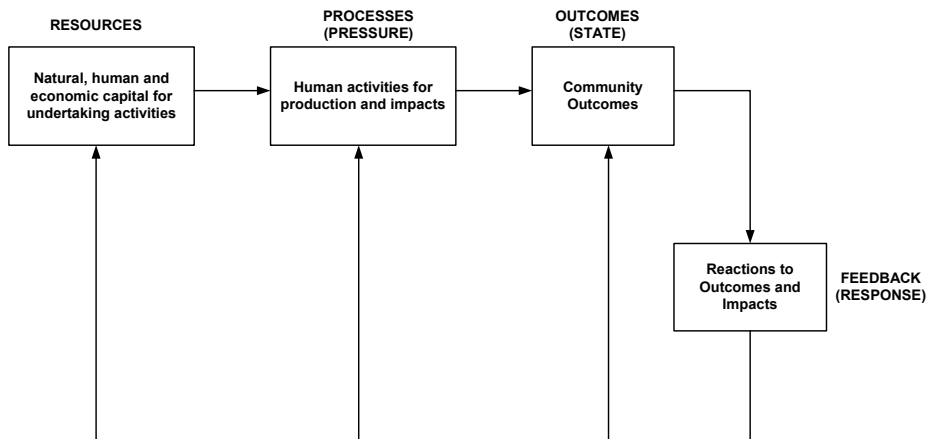
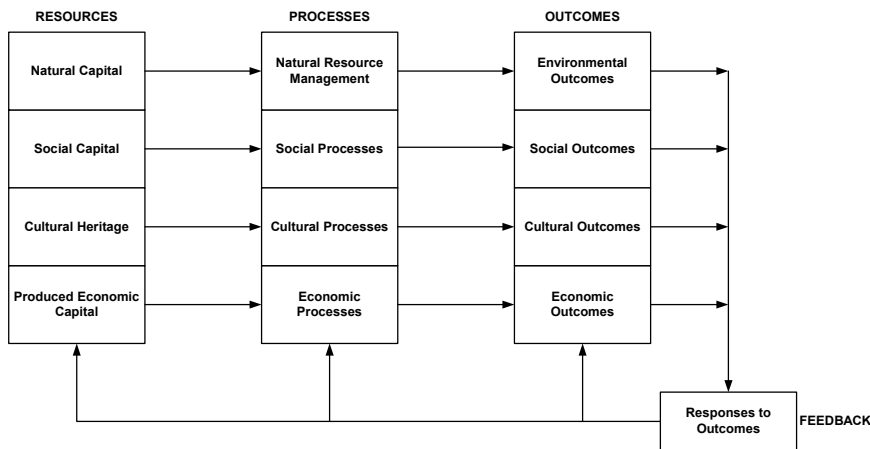


Figure (a)

SUSTAINABILITY FRAMEWORK FOR COMMUNITY OUTCOMES



MULTIPLE PILLARS OF SUSTAINABILITY UNDER LGA



AGENDA ITEM NO: 9	SUBJECT MATTER: REGIONAL PEST MANAGEMENT STRATEGY
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: Biosecurity and Pests PROJECT: Regional Pest Management Strategy OUTPUT: Operative Strategy
REPORT BY: Brenda Greene Senior Resource Management Planner	ENDORSED BY: John Talbot Director Policy and Planning

PURPOSE

To adopt the Canterbury Regional Pest Management Strategy.

ATTACHMENTS OR DOCUMENTS PREVIOUSLY CIRCULATED

A pre-print final copy of the Canterbury Regional Pest Management Strategy is attached.

BACKGROUND

The proposed Canterbury Regional Pest Management Strategy has been amended, including all changes as approved by Council, and as directed by the Environment Court.

THE PROPOSAL

It is proposed that Council approve the Canterbury Regional Pest Management Strategy and that it is made operative from 1 July 2005 for a period of 10 years.

FINANCIAL

There is provision for the implementation of the RPMS within the 2005/06 budget.

An Operational Plan is required within three months of the RPMS being approved by Council.

RECOMMENDATION

That the Canterbury Regional Pest Management Strategy be adopted and made operative from 1 July 2005.

10. REPORT OF CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP

Report of the meeting held on Friday, 22 April 2005 are attached.

CANTERBURY CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP JOINT COMMITTEE

MINUTES OF MEETING HELD ON FRIDAY, 22 APRIL 2005 COMMENCING AT 10.30 A.M. IN THE COUNCIL CHAMBER, ENVIRONMENT CANTERBURY, 58 KILMORE STREET, CHRISTCHURCH

MEMBERS PRESENT:

Members

Ashburton District Council
Banks Peninsula District Council
Christchurch City Council

Environment Canterbury
Hurunui District Council
Selwyn District Council

Timaru District Council
Waimakariri District Council

Representatives

Cr Darryl Nelson
Cr Kirsty Macnab
Cr Sue Wells (Chairperson)

Cr Angus McKay
Mayor Garry Jackson
Mayor Michael McEvedy

Cr Richard Lyon
Mayor Jim Gerard

Supporting Staff

Chris Hopman
Jane Parfitt
Murray Sinclair

Paddy Clifford
Paul Davey
Wilson Brown
Warwick Isaacs

OTHERS PRESENT:

Group Controller
Ministry of Civil Defence & Emergency Management

Ministry of Agriculture and Forestry

Bob Upton
John Norton
John Lovell
John Greer

ENVIRONMENT CANTERBURY STAFF PRESENT:

John Fisher
Jon Mitchell
Robyn Pay

1. APOLOGIES

Apologies were received from Cr Kerry Burke (Environment Canterbury), Mayor John O'Neill (Mackenzie District Council), and Mayor John Coles (Waimate District Council).

Apologies were also received from Dr Bryan Jenkins and Mr John Talbot (Environment Canterbury), Dr Lesley McTurk (Christchurch City Council), and Messrs Jim Palmer and Les Pester (Ashburton District Council).

2. MINUTES OF PREVIOUS MEETING

Resolved

That the minutes of the meeting held on 9 and 30 March 2005, as circulated, be confirmed as a true and correct record.

Cr Nelson – Mayor McEvedy

3. MATTERS ARISING

Nil.

MATTERS FOR DECISION

5. APPOINTMENT OF CDEM CONTROLLERS

The meeting agreed to take this item before consideration of item 4, Proposed Draft CDEM Group Plan.

It was reported that the Christchurch City Council has delegated the responsibility for appointment of Local CDEM Controllers to staff. This was in line with the relevant section in the Draft CDEM Group Plan. Recent changes to the Plan have raised questions about the validity of this approach. A legal opinion was sought from Buddle Findlay; this opinion was tabled at the meeting.

Section 6.3 of the Plan now requires the local authority to appoint the local controllers, subject to ratification by the CDEM Group Joint Committee. The question arises as to the mechanism for local authorities to appoint the local controllers. The legal opinion states that the procedure set down in the plan does not necessarily mean that the Councils will have to appoint them by resolution; such appointments could be made under an appropriate delegation.

The legal opinion went on to suggest that today's meeting could approve the Christchurch City Council's appointments conditionally, with ratification being effective on the Council appointing the persons listed pursuant to clause 6.2(a) of the Plan.

This would ensure that as soon as the Council confirms the appointments, the appointment would take effect.

The Joint Committee was supportive of the suggestions in the legal opinion.

Resolved

- (a) *That the Joint Committee ratify the appointment of Controllers and Alternate Controllers contained in the list attached to the report, with the exception of the Christchurch City Council.*
- (b) *That the Joint Committee conditionally ratify appointments made by the Christchurch City Council, with full ratification being effective on the Christchurch City Council making the appointments pursuant to clause 6.2(a) of the Plan.*

Mayor Gerard – Mayor McEvedy

4. PROPOSED DRAFT CDEM GROUP PLAN

The Chairperson opened the discussion on this item by reporting that the Minister had been in Christchurch earlier in the week, and he had been very kind in his words about the Plan. (A letter from the Minister was tabled at the meeting.) Unfortunately the Minister could not be at the Joint Committee meeting, but Mr John Norton, Director, Ministry of Civil Defence and Emergency Management, attended the meeting on behalf of the Minister.

Mr Norton addressed the meeting, thanking the committee for its invitation to be part of the meeting at which the inaugural plan will be adopted. He referred to the hard work put into CDEM by Canterbury authorities for the last five to six years. Canterbury started work on formation of a Group well before the legislation was enacted, and it was one of the leading groups that helped develop framework for the Act.

He said that Canterbury acknowledged very early on that the requirements under the new legislation were very different to those that had existed previously. Having done this, Canterbury now has a very good understanding of what might be expected, and what arrangements are in place to handle whatever happens.

Mr Norton commented on issues that had arisen as a result of the 2004 floods in the North Island. He assured the members that the role of the local community in an emergency would never change, no matter what the size of the disaster. He said national resources would support regional management that would in turn support local management.

The Committee welcomed the announcement earlier in the week of the additional expenditure in the area of CDEM. The Minister said the additional funding would include more support for the Ministry. The Ministry's capacity would be increased with additional staff, and there would be an initial focus on best practice guidelines. Public education would see \$6.1M over four years (and an ongoing \$1.2M/year, compared with \$106,000 currently). Work in this area will link into regional programmes.

In answer to a question from the Regional Controller, Mr Norton confirmed that there will be an additional 18 positions created at the Ministry. These would be in different areas – administration, director's office, policy, best practice, readiness, and

professional development. Three support staff will go to the regions (one each to Auckland, Wellington and Christchurch), with the rest of the staff being based in Wellington.

Mr Norton confirmed that the professional development team would be increased to four people (up from the present 2.2 people). This increase will allow some work to be done to identify what programmes are required.

One area Mr Norton identified as receiving additional attention will be the development of guidelines on assessment of impacts. These assessments need to be made faster. There is a commitment to getting systems, training and guidelines in place. The assessment will remain the responsibility of the local people, but the Ministry will provide the guidelines.

Mr Norton was thanked for his attendance at and contribution to the meeting.

The Chairperson said that the Plan being adopted today is not the end of the journey, but it is in fact completion of the first step. She acknowledged particularly Cr Angus McKay's chairing of the predecessor committee (the Regional Civil Defence Committee), and also former Hurunui District Council Mayor Tony Arps, the first chairperson of the Joint Committee. She also acknowledged the work done by staff at Environment Canterbury and the territorial authorities. She thanked Paddy Clifford (Chief Executive, Hurunui District Council) for his chairing of the CEG, and all the members of the Joint Committee for their time and commitment.

Resolved

That the Joint Committee approve the Canterbury Civil Defence Emergency Management Group Plan 2005-2010.

Cr Wells – Mayor McEvedy

Jon Mitchell reported that the Plan is available at www.cdemcanterbury.govt.nz. The final plan will be distributed next week. This final plan will have dividers and tabs, and some coloured maps and figures. The plan will be available on CD ROM.

The Chairperson signed the plan.

6. GENERAL BUSINESS

Nil.

7. CLOSURE

The meeting concluded at 11.30 a.m.

CONFIRMED

DATE _____ CHAIRPERSON _____

AGENDA ITEM NO: 11	SUBJECT MATTER: NZ URBAN DESIGN PROTOCOL
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES: NO9C/00266	PORTFOLIO: Land PROJECT: Urban Development Strategy OUTPUT:
REPORT BY: Laurie McCallum Energy, Transport and the Built Environment Policy Manager	ENDORSED BY: John Talbot Director Policy and Planning

PURPOSE

To allow Council to consider its designated project for the NZ Urban Design Protocol and who will be its champion.

ATTACHMENTS

None.

BACKGROUND

Earlier this year the Council agreed to become a signatory to the NZ Urban Design Protocol. The key action is for the Council to inform MfE of a project which will be listed as Environment Canterbury's action for putting the Urban Design Protocol into effect along with the nomination of a person who will be the Urban Design Champion, particularly in relation to the project put up. The Council then has six months to set out an action plan around the project.

A project which relates to both Environment Canterbury's functions in relation to water and the design of the main urban area for Canterbury, Christchurch is the protection of Christchurch's Groundwater Recharge Zone from urban development and its integration within the Greater Christchurch Urban Development Strategy. It is suggested that for a project of this significance should be championed by the Chairman of the Council.

An action plan in relation to this issue, derived from the existing work programmes, will be formulated, monitored and report to MfE by 31 August 2006.

RECOMMENDATION

- (a) *That Environment Canterbury's project for the NZ Urban Design Protocol is the protection of Christchurch's Groundwater Recharge Zone from urban development and its integration within the Greater Christchurch Urban Development Strategy.*
- (b) *That the Council's Design Champion be Sir Kerry Burke.*

AGENDA ITEM NO: 12	SUBJECT MATTER: HEALTHY CHRISTCHURCH INVITATION
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: John McEwing Portfolio Manager Community Plan	ENDORSED BY: Bryan Jenkins Chief Executive

PURPOSE

The purpose of this report is for Council to consider becoming a sponsoring organisation of the Healthy Christchurch Initiative.

ATTACHMENTS

Healthy Christchurch information including its aims and the Healthy Christchurch Charter.
(Please contact Customer Services for the attachments)

BACKGROUND

Healthy Christchurch has invited Environment Canterbury to be a member of its steering group and to be a sponsoring organisation, along with Christchurch City Council, School of Medicine, Canterbury District Health Board, Pegasus Health, Ngai Tahu and the Ministry of Health. Environment Canterbury is a signatory to the Healthy Christchurch Charter. Also attached is a description of the Healthy Christchurch initiative and its aims.

The invitation came as a consequence of management meetings with Christchurch City Council and Canterbury District Health Board in relation to the Community Plan, specifically aimed at collaboration with organisations capable of influencing the promotion of community outcomes. As set out in the letter, the role of being a sponsoring organisation is to be a visible advocate of Healthy Christchurch. There is no expectation of financial contribution – contribution is at the level of in-kind expertise to help take a collaborative approach to advocate Healthy Christchurch and its principles – see attached Charter.

The intention is to have an Environment Canterbury management representative to be an active member on the Healthy Christchurch steering group, which meets on a six weekly basis. At the political level it would be appropriate to have Sir Kerry Burke alongside the other Healthy Christchurch champions, Mayor Garry Moore and CDHB Chair Syd Bradley.

The opportunities with accepting the invitation would be building long-term relationships with key organisations in the community outcomes process and taking a collaborative approach to achieving shared outcomes.

The Directorate has nominated John McEwing, Portfolio Manager as management representative to be member of the Healthy Christchurch steering group.

RECOMMENDATION

That Council decide on whether to accept the invitation to become a sponsoring organisation.

AGENDA ITEM NO: 13	SUBJECT MATTER: TOTAL MOBILITY WHEELCHAIR HOIST FUNDING POLICY 2005/06
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: Passenger Transport PROJECT: Total Mobility Christchurch OUTPUT:
REPORT BY: Sharon Boyle Administration and Total Mobility Officer	ENDORSED BY: Ken Lawn Director Operation

PURPOSE

To report on a possible change to the Total Mobility wheelchair hoist funding policy and to seek Council approval to amend the current funding policy for wheelchair accessible taxis.

BACKGROUND

Since July 2002, the funding policy for replacement wheelchair hoist vehicles in the Christchurch area has been:

- That grants be approved to a maximum value of \$15,000 (ex GST) per new vehicle and \$7,500 (ex GST) per second hand vehicle.
- That grants be awarded on a first in, first served basis subject to operators meeting all Environment Canterbury requirements. These requirements include a contractual obligation to provide 8 years minimum service per new vehicle, and 5 years minimum service per second hand vehicle.
- All second hand vehicles must be no older than 5 years when first registered (NZ or overseas) at the time application is made to qualify for funding assistance.
- An approved Low Volume Vehicle registered engineer must certify all vehicles.
- That once the capital budget allocation has been met, subsequent applications will be approved at the discretion of Environment Canterbury and funded through passenger transport reserve funds."

Environment Canterbury has received a letter recently from the NZ Taxi Federation requesting consideration be given to reviewing this funding policy. The reasons given for appealing for a review include:

- (a) Recent price increases to the cost of hoist fit-outs and the necessary changes to seat configurations and the installation of anchor points, safety belts etc to meet recent changes to certification requirements, which have in the past been covered by the grant and

- (b) Increased costs of new vehicles to meet new passenger rules and low volume vehicle certification requirements.

Wheelchair accessible vehicles form an integral part of the Total Mobility service. This service is vital to those Total Mobility clients whom have no alternative form of transport available to them to meet their transport needs.

A recent quote from the Christchurch branch of Hale Manufacturing Ltd to convert a suitable vehicle is \$19,850.00 plus GST. This quote is comparable with similar firms.

The items included in this quote are:

- Seating fitted with headrests
- Lap diagonal & lap belts fitted
- Wheelchair restraints fitted complete with lap belts
- Wheelchair restraint track flush mounted (colour coded) & non-skid lino (wooden floor)
- Sliding step side sliding door
- Emergency exit window hammer & buzzer
- Carpet side walls to window height & wheel arch
- Wheelchair hoist fitted (either hydraulic or fully automatic) – includes anti roll out stop
- Grab handles fitted
- First aid kit & Fire Extinguisher supplied
- Certification costs to Low Volume Vehicle code & plate attached to vehicle

The current level of funding no longer meets the full cost of this work.

Being aware that the cost of converting a suitable vehicle into a wheelchair accessible vehicle that meets all requirements is similar (whether new or second hand), and recognising that Land Transport NZ will fund 60% of the cost for replacement vehicles, the following proposal is submitted for consideration:

- That funding for wheelchair accessible vehicles be increased to the following maximum level per vehicle:

New vehicle	\$20,000.00 ex GST
Vehicle 1 year old	\$19,000.00 ex GST
Vehicle 2 years old	\$18,000.00 ex GST
Vehicle 3 years old	\$17,000.00 ex GST
Vehicle 4 years old	\$16,000.00 ex GST
Vehicle 5 years old	\$15,000.00 ex GST

Under such a policy, a five-year-old replacement vehicle would attract a subsidy of \$15,000.00, yet the policy would still be weighted to newer vehicles.

The other requirements currently part of the policy would remain the same – i.e.:

- That grants be awarded on a first in, first served basis subject to operators meeting all Environment Canterbury requirements. These requirements include a contractual obligation to provide 8 years minimum service per new vehicle, and 5 years minimum service per second hand vehicle.
- All second hand vehicles must be no older than 5 years when first registered (NZ or overseas) at the time application is made to qualify for funding assistance.

- An approved Low Volume Vehicle registered engineer must certify all vehicles.
- That once the capital budget allocation has been met, subsequent applications will be approved at the discretion of Environment Canterbury and funded through passenger transport reserve funds.”

An advertisement calling for expressions of interest in receiving financial assistance to assist operators funding Total Mobility wheelchair accessible vehicles during the 2005/06 financial year was placed in the Christchurch Press on April 23 2005. Applications closed on 3 May 2005.

The table below indicates the expressions of interest received.

Service Provider	New vehicles	2nd hand vehicles
Blue Star Taxis	0	3
City Maxi Taxis	2	0
First Direct Taxis	1	2
Gold Band Taxis	1	0
Total	4	5

It would be unrealistic to expect service providers to know at this stage the age of each 2nd hand vehicle they seek a grant for. The assumption has been made therefore that up to \$19,000.00 should be set aside for each grant for a 2nd hand vehicle meeting the requirements.

UNDER THE PROPOSED POLICY CHANGE, THE IMPACT OF FUNDING ALL THE EXPRESSIONS OF INTEREST RECEIVED WOULD THEREFORE BE:

5 x grants for 2 nd hand vehicles at up to \$19,000.00 each	\$95,000.00
4 x grants for new vehicles at \$20,000.00 each	<u>\$80,000.00</u>
Total	<u>\$175,000.00</u>

Environment Canterbury share 40%	\$70,000.00
Land Transport NZ share 60%	<u>\$105,000.00</u>
Total	<u>\$175,000.00</u>

It should be noted that these grants can be met within the existing budget for Total Mobility in Christchurch.

RECOMMENDATION

- (a) *That the Canterbury Regional Council approves an amendment to the current funding policy for wheelchair accessible taxis as specified below:*

<i>New vehicle</i>	<i>\$20,000.00 ex GST</i>
<i>Vehicle 1 year old</i>	<i>\$19,000.00 ex GST</i>
<i>Vehicle 2 years old</i>	<i>\$18,000.00 ex GST</i>
<i>Vehicle 3 years old</i>	<i>\$17,000.00 ex GST</i>
<i>Vehicle 4 years old</i>	<i>\$16,000.00 ex GST</i>
<i>Vehicle 5 years old</i>	<i>\$15,000.00 ex GST</i>

- (b) *That the revised funding policy be effective from the 2005/06 financial year.*

AGENDA ITEM NO: 14	SUBJECT MATTER: LOCAL GOVERNANCE STATEMENT
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Jude Pani Manager Secretariat	ENDORSED BY:

PURPOSE

The purpose of this report is to seek the adoption by the Council of an updated governance statement.

ATTACHMENT

Draft Updated Local Governance Statement
(Please contact Customer Services for attachments)

BACKGROUND

The present governance statement was adopted by the Council on 11 December 2003. To comply with the provisions of the Local Government Act 2002, the Council is required to update the present statement within six months after each triennial election.

This document is required to provide information to the public on a number of specified topics regarding the structure of the organisation and the Council's decision-making processes.

The draft updated governance statement attached to this report reflects the present Council's revised governance structure, and the other information required to be included pursuant to the Local Government Act 2002.

The full requirements of section 40 of the Local Government Act 2002 relating to local governance statements are set out below:

“(1) A local authority must prepare and make publicly available, following the triennial general election of members, a local governance statement that includes information on---

- (a) the functions, responsibilities, and activities of the local authority; and*
- (b) any local legislation that confers powers on the local authority; and*
- (c) the electoral system and the opportunity to change it; and*
- (d) representation arrangements, including the option of establishing Maori wards or constituencies, and the opportunity to change them; and*
- (e) members' roles and conduct (with specific reference to the applicable statutory requirements and code of conduct); and*

- (f) *governance structures and processes, membership, and delegations; and*
- (g) *meeting processes (with specific reference to the applicable provisions of the Local Government Official Information and Meetings Act 1987 and standing orders); and*
- (h) *consultation policies; and*
- (i) *policies for liaising with, and memoranda or agreements with, Maori; and*
- (j) *the management structure and the relationship between management and elected members; and*
- (k) *equal employment opportunities policy; and*
- (l) *key approved planning and policy documents and the process for their development and review; and*
- (m) *systems for public access to it and its elected members; and*
- (n) *processes for requests for official information.*

(2) *A local authority must comply with subsection (1) within 6 months after each triennial general election of members of the local authority.*

(3) *A local authority must update its governance statement as it considers appropriate.”*

FINANCIAL AND LEGAL CONSIDERATIONS

There are no financial considerations. Adoption by the Council of an updated governance statement within six months after each triennial election is a statutory requirement under section 40 of the Local Government Act 2002, the full provisions of which are set out in clause 6.

RECOMMENDATION

It is recommended that the Council formally adopt and make publicly available the updated governance statement attached to this report.

AGENDA ITEM NO:15	SUBJECT MATTER: FINANCIAL REPORTS ON COUNCIL PORTFOLIO ACTIVITIES
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Helen Sellwood Finance Manager	ENDORSED BY: Wayne Thomas Director Finance and Corporate Services

Attached is the financial summary of the Council's activities for the ten months ending 30 April 2005.

RECOMMENDATION

That the information on the financial reports for the period ending 30 April 2005 be received.

VARIANCE COMMENTARY

Air Quality \$4,531,160 favourable

- Incentives Schemes - Air (\$4,252k favourable). Income is higher than budget because contributions received for installations are now recorded as income rather than as a reduction in expenditure. Expenditure is lower than budget because the level of uptake in the partial assistance scheme is lower than projected.
- Air Quality Monitoring (\$44k favourable). Depreciation and interest on capital are lower than expected due to savings purchasing capital items. The project is forecast to be approximately \$10k under budget at year end.
- NRRP - Air (\$151k favourable) The hearing completion date has now been delayed until Aug-05 due to additional information being requested by the Commissioners. This has meant costs have not yet been incurred to the level expected. Real-time testing results on burners, to be included in officer reports, are also being awaited.
- Public Information - Air Quality (\$40k favourable). The Timaru variation is currently on hold until a decision on the hearing has been reached.
- Air Quality Investigations (\$30k favourable). Requests for advice have been lower than budgeted and woodburner emissions study project has been delayed, however the project is forecast to be on budget at year end.

Civil Defence and Emergency Management \$39,489 favourable

- Civil Defence Base Operations - Regional (\$22k unfavourable). Costs relating to the new Group Controller were unbudgeted, hence a \$15k unfavourable variance at year end is forecast.
- Regional CDEM Policy (\$27k unfavourable). No budget was allowed for ECan staff working on CDEM training or in the Emergency Operations Centre however the time spent on this project will be recovered from other projects.
- Civil Defence Training - Regional (\$22k favourable). A delay occurred in some areas while Group approval was attained. CIMS training costs are also now being met by another agency.
- Civil Defence Training - Chch City/Banks Pen District (\$38k favourable). Requests for training have been higher than expected earning additional userpays income than budgeted. A number of invoices will be received later in the year than expected.
- CD Base Operations (incl. Rescue) - Chch City/Banks Pen District (\$25k favourable). Awaiting some large invoices in relation to rescue exercises which have already taken place. Expenditure will come back into line with budget by year end.

Coastal Environment \$297,057 favourable

- Marine Pollution Enforcement (\$50k favourable). There have been fewer oil spills in the year to date requiring follow up.
- Regional Coastal Environmental Plan (\$201k favourable). The project has been delayed awaiting legislation on aquaculture, and national progress on the topic of coastal occupancy charging.
- Coastal Hazard Investigations (\$29 favourable). Awaiting Survey Unit's completion of jobs.
- Marine Oil Spill Response Contingency Planning (\$15k unfavourable). Due to staff illness, additional labour time has been required to enable other staff members to come up to speed on the project.
- Advocacy - Coastal Environment (\$29k favourable). Work on the Lower Waitaki has taken a higher priority and expenditure is now forecast to be \$10k under budget at year end.

Energy \$98,029 favourable

- Energy Resource Monitoring (\$29k favourable) This project requires expenditure at irregular intervals and the project leader resigned resulting in work being delayed. An appointment has now been made.
- Regional Energy Strategy (\$25k favourable). The resignation of the project leader has resulted in the project being delayed. An appointment has now been made.
- Energy Management (\$27k favourable). The resignation of the project leader has resulted in the project being delayed. An appointment has now been made.

Land \$86,680 favourable

- Landscape, Ecology & Heritage Monitoring (\$45k favourable). Limited preliminary work on the Wetland project has been carried out, however are still awaiting resolution of political issues surrounding wetland inventory process is required before survey and monitoring can begin in earnest.
- Natural Resources RP - Land (\$34k favourable). Resources are currently being utilised on other chapters of the NRRP.
- Urban Development Strategy (\$17k favourable). An invoice which has part budget in other project has been paid by that project, hence the under expenditure in this project will later be matched by an over expenditure in that project being Regional Land Transport - Road Investigations.
- Tenure Review (\$37k unfavourable). Due to the reactive nature of the project it has been difficult to estimate the work required on the project. The number of responses to Tenure review proposals have been higher than expected, along with the amount of time required to address each proposal.
- District Planning Liaison - Land (\$25k unfavourable). A higher than anticipated use of external services has been required due to a large number of plan variations being issued by District Councils in addition to an involvement in Environment Court cases.
- Green Globe (\$16 favourable). Awaiting invoice for ECan's contribution to the Green Globe project.

Natural Hazards \$850,432 favourable

- Geological Hazards Investigations (\$26k unfavourable). Stage 2 of the Waimakariri River Gorge Landslide Dam Hazard Assessment was to have been completed by June 2003, but the contract to complete the study was not signed until May 2004. This was caused by the unavailability of a suitably qualified and experienced consultant to complete the work.
- Earthquake Hazard and Risk Assessment (\$24k unfavourable) No budget was allocated for a second Hazard analyst and therefore expenditure in this project is expected to be \$30k over budget at year end.
- Environmental Advisory (\$28k unfavourable). No budget was allocated for a second Hazard analyst and therefore expenditure in this project is expected to be \$14k over budget at year end.
- Building Act Requirements (\$45 favourable). Due to staff illness the project has been delayed.
- Engineering User Pays (\$15 unfavourable). The variance is the result of a timing difference between expenditure being incurred and invoicing of the jobs.
- Catchment Works in Rating Districts (\$859k favourable). Ashburton river works have been delayed due to resource consent conditions not currently allowing gravel extraction, however the operational component of works is forecast to be on budget at year end. Waimakariri river has had a delayed start to capital works and it is forecast that capital works will be \$300k underspent at year end.
- Levels Plain Floodplain Management Strategy (\$27k favourable), Waihao River Floodplain Management Strategy (\$26k favourable), Pleasant Point Floodplain Management Strategy (\$16k favourable), Avon/Heathcote Rivers Floodplain RP (\$14k favourable). These projects have been deferred to enable higher priority work to be undertaken.
- District Planning Liaison - Natural Hazards (\$33k unfavourable). A higher than anticipated use of external services has been required due to a large number of plan variations being issued by District Councils in addition to an involvement in Environment Court cases.
- Flood Alerts & Flood Management (\$26k unfavourable). An unbudgeted flood forecasting investigation was required to be undertaken so labour costs will be over budget at year end. It is anticipated that there can be some savings made in goods & services expenditure to minimise this project overspend.
- Public & Rating Catchment District Meetings (\$15k unfavourable). Extra costs have been incurred this year mainly due to the requirement to hold triennial public meetings. A \$20k unfavourable variance is forecast at year end.

Navigation Safety \$112,291 favourable

- Harbour Bylaw Enforcement (\$91k favourable). User pays and statutory charges have been higher than expected (\$48k) and goods and services expenditure has been lower (\$24k).

- Harbours Recreational (\$39k favourable). Expenses driven by external events have not been incurred to the level budgeted.
- Harbours Policy (\$22k unfavourable). The \$20k allocated by Council for the development of Waimakariri Harbour Bylaws was budgeted for in the Harbours Recreational project so the variance can be offset against that project.

Pests & Biosecurity \$266,770 favourable

- Containment Control Plants Compliance Inspections - Old Mans Beard (\$19k favourable). Inspection costs will be incurred later than budgeted due to other priorities however costs will come back into line by year end.
- Rabbit Compliance Inspections (\$41k favourable). Compliance inspections are underway with the bulk of work taking place following RHD epidemics which occur late this year.
- Containment Control Plants Compliance Inspections - other than OMB (\$19k favourable). The project is currently on target and actual expenditure will come back into line with budget by year end.
- Total Control Plants Compliance Inspections (\$19k favourable). The programme is now underway and expenditure will be on track at year end.
- Wallaby Compliance Inspections (\$12 unfavourable). The first round of inspections have been completed earlier than anticipated.
- Pest Management Investigations (\$17k favourable). Research work started later than planned but is now underway.
- Progressive Control Plants Population Trend Monitoring (\$17k favourable). Work will commence later than planned however at this stage it is expected that work will be on schedule and within budget by year end.
- Containment Control Plants Population Trend Monitoring (\$19k favourable). Work is on target and is forecast to come in under budget by \$15k at year end.
- Rabbit Population Trend Monitoring (\$24k unfavourable). All trend monitoring was carried out during the October to December period. The project will be on budget at year end.
- Wilding Conifer Control (\$81k favourable). Work commenced during the second half of April and will be completed and on budget at year end.
- Rabbit Control Operations - Rating Districts (\$25 favourable). Inspection results indicate low rabbit numbers and hence the project is forecast to be under budget by \$20k at year end.
- Containment Control Plants Biological Operations - Rating Districts (\$18k favourable). Biological control agents are currently being harvested and distributed and the project will be approximately \$20k under budget at year end.
- Bovine TB Management - Operations (\$82k unfavourable). Operational work is ahead of budget and therefore a timing difference exists between the local share revenue component and this expenditure. The project will be on budget at year end.
- Regional Pest Management Strategies (\$52k favourable). There has been a delay in the plan becoming operative due to on-going negotiations with District Councils in relation to responsibilities for roadside pest management. This issue was now been resolved and staff time charged to the project will be lower than budgeted.
- Canterbury contribution to the RPMS for Varroa Bee Mite (\$64 unfavourable). ECan collected funds from other councils in Canterbury and paid out this combined contribution to the national RPMS, along with its own contribution, in Apr-05. The variance is a timing difference and will come back into line by year end.

Public Passenger Transport \$162,666 favourable

- Passenger Service Reviews (\$209k favourable). A key project linking ticketing machines to GPS has not proceeded as planned due to a lack of staff resources.
- Passenger Services Contract Payments CHCH (\$106k favourable). Grants are at a higher level due to a change in the Transfund funding basis.
- Passenger Service Information (\$354k unfavourable). Due to the implementation of Metrostar, Metrocard, and real time information the budgeted expenditure will be exceeded. Additional revenue from government and savings in other projects are expected to compensate. Any remaining overspend will be funded from reserves.

- Passenger Services Tendering & Contract Mgmt (\$59k unfavourable). Additional contract management and tendering costs are the result of the abandonment of commercial service.
- Total Mobility (\$77k favourable). Uptake is not as high as anticipated in South Canterbury.
- Passenger Services Contract Payments South Canterbury (\$20 favourable). Higher than budgeted grants have been received from Transfund for the Timaru district.
- Trial Passenger Services (\$21k favourable). Budget is now to be used for the Metrostar costs in the Passenger Service Information project.
- Passenger Service Ticketing (\$19k unfavourable). The purchase of additional Metrocards to meet high demand will mean that budget will be exceeded at year end. Council has approved the use of reserves to fund this extra expenditure.
- Passenger Services Licensing (\$11k unfavourable). Additional legal costs have been incurred in relation to the Sumner-Avonhead service.
- Advisory Services - Passenger Transport (\$166k favourable). A project to implement journey planner software has started later than planned due to staff changes. The project is now underway with contract awarded and completion date set for 30-Jun-05. Grants from Transfund have also been higher than budgeted.
- Public Passenger Transport Monitoring (\$41k favourable). Savings to be made in this project will help to offset additional expenditure required in Passenger Service Information projects.
- Passenger Transport Strategic Developments (\$32k unfavourable). Additional expenditure has been required due to a bus exchange development consultant being required.

Regional Land Transport \$30,247 favourable

- District Planning Liaison - Regional Land Transport (\$16k unfavourable). A higher than anticipated use of external services has been required due to a large number of plan variations being issued by District Councils in addition to an involvement in Environment Court cases.
- Stock Effluent Disposal Sites (\$21k favourable). The Kaikoura stock truck effluent disposal facility has been delayed due to consenting delays and there will now be no expenditure on this site during the 2004/05 year. The project will be underspent at year end.

Waste, Hazardous Subs and Contaminated Sites \$59,913 favourable

- Regional Hazardous Waste Management Strategy (\$49k unfavourable). Collection costs are now being incurred and expenditure will even out in the coming months. A budgeted grant has also not yet been received.
- Regional Contaminated Sites Management Strategy (\$13k favourable). Less work has been completed on this project due to higher priorities in other projects - staff time has been reallocated to Contaminated Site Information Management.
- Hazardous Substances Monitoring (\$15k favourable). Due to a change in staff member and difficulty in finding a replacement, the project is behind schedule.
- Contaminated Site Investigations (\$17k favourable). Less work has been carried out than was budgeted for but a key piece of work is about to commence meaning the project is expected to be on budget at year end.
- Regional Hazardous Substances Management (\$49k favourable). There has been a delay in the commencement date of the project which is being undertaken in conjunction with Target Zero at the City Council.
- Contaminated Site Information Management (\$19k unfavourable). Staff resources have been diverted from Regional Contaminated Sites Management Strategy to undertake higher priority work.
- District Planning Liaison - Haz Subs (\$16k unfavourable). A higher than anticipated use of external services has been required due to a large number of plan variations being issued by District Councils in addition to an involvement in Environment Court cases.

Water Quality, Quantity & Ecosystems \$601,407 favourable

- Public Information - Water (\$79k favourable). The loss of a staff member has meant that expenditure at year end is forecast to be \$35k under budget.
- Water Care (\$61k favourable). Work on Living Streams was delayed as was the appointment of a new staff member. The position has now been filled and the project is underway.

- G/Water Investigations, Drilling & Testing (\$72k favourable). Requests from Consents IO's, to complete Section 42a technical reports for consents hearings, have been higher than expected so less staff time has been spent on this project.
- Minimum Flow Establishment (\$267k favourable). Stage one of the project dealing with rivers is behind schedule due to a key team member leaving ECan however new staff have now been appointed to run this project.
- Natural Resources RP - Water (\$70k favourable). Significant work has been undertaken on the NRRP implementation project however several other NRRP projects have been rescheduled. The Lake Ellesmere project has been delayed due to RPMS work and other higher priority work.
- Surface Water Resource Monitoring (\$75k unfavourable). Staff time for a second Hazards analyst was not budgeted for and additional costs relating to Occupational Safety and Health issues have been incurred.
- Opihi River & Catchment RP (\$34k favourable). Due to staff illness the project has been delayed and will not be completed this financial year.
- Canterbury Strategic Water Study (\$50k favourable). An invoice for partial completion of stage 2 was received and paid for in May-05.
- District Planning Liaison - Water (\$34k unfavourable). A higher than anticipated use of external services has been required due to a large number of plan variations being issued by District Councils in addition to an involvement in Environment Court cases.
- Investigation of Land Use Effects on Water Quality (\$14k favourable). A wet summer reduced some sampling programmes, however reporting of programmes will increase in last two months of the year.

RMA Regulatory \$222,325 favourable

- RMA Enforcement (\$201k unfavourable). Costs are higher than expected due to more defended prosecutions than expected and additional enforcement activity as resource management pressures increase.
- Resource Consent Processing (\$331k favourable). Higher volumes of consent applications have been processed. Some non-recoverable items of Council approved expenditure have yet to be incurred.
- Resource Consent Compliance Monitoring (\$25k unfavourable). User pays income is lower than budgeted due to resources being diverted to assist with NRRP & Enforcement projects.
- Permitted Activities Compliance Monitoring - Air - North (\$20k favourable). Low level monitoring has continued and expenditure will be approximately \$50k less than that budgeted at year end.
- Environment Court Consent Objections and Appeals (\$58k favourable). The number of objections and appeals have been lower than budgeted however larger objections costs are predicted for the last quarter of the year. The project is forecast to be \$50k under budget at year end.
- Advisory Services - Consents - Land (\$36k favourable). The project will incur some later in the year than budgeted but will come back into line by year end.
- Annual Compliance Monitoring Report (\$16k favourable). Compliance monitoring data already written up in a report which is close to final form and the project is forecast to come in \$20k under budget.
- Consent Reviews (\$15k unfavourable). The project was not allocated general rate funding for the 2004/05 year as expected and hence a year end deficit is forecast of \$18k.

Corporate Communications and Democratic Process \$304,429 favourable

- Liaison Tangata Whenua (\$56k unfavourable). Requests for liaison have been higher than anticipated resulting in significantly higher staff time and overheads.
- Council & Committee Meetings (\$126k favourable). Labour & overhead costs are lower than expected, however goods and services are expected to be on budget.
- Ratepayer Servicing (\$120k favourable). Labour & overhead costs are lower than expected.
- Long Term Council Community Plan (\$99k favourable). Draft Annual Plan has been completed and adopted by Council. Planning for 2006/7 is now underway and initial budget processes are to commence in May 2005.

- Public Information - Corporate (\$99k favourable). The various targets including website revision, Living Here publication and distribution are currently all being met and the project is planned to be on target the year end. An accounting correction and some larger invoices to be paid in May-05 will bring the project back into line with budget.
- Resource Management Award (\$21k unfavourable). The awards were presented in October so the majority of the annual expenditure has now been incurred.
- Portfolio Management (\$30k unfavourable). Higher than budgeted labour costs have been incurred due to additional staff time as portfolio convenors have been brought on board.
- Plan Implementation & Effectiveness Monitoring Systems (\$95k unfavourable). The over expenditure in this project is offset by the under expenditure in Plan Effectiveness Monitoring projects in the other portfolios.
- Official Information Requests (\$22k favourable). The project is in response to external requests which have been lower than in previous years.
- Education Liaison (\$27k favourable), Annual Report (\$41k favourable) These projects are currently under budget but activity is due to increase and they will be on budget by year end. Audit Fees are still to be accrued for the Annual Report.
- Council Elections (\$17k unfavourable). Invoices are still to be received from some councils and hence project will be approximately \$90k over spent at year end. This is to be funded from reserves which have been accumulated in previous years, as planned.
- Archives (\$19k favourable). The project will come back into line over the next two months and will be on budget at year end.
- Chatham Islands Council Services (\$46k unfavourable). No invoice has yet been raised against this contract. The first invoice for services performed covering the period from Feb-Apr05 will be issued this month.

AGENDA ITEM NO: 16	SUBJECT MATTER: ENHANCING URBAN WATER POLLUTION CAPABILITY
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Mike Freeman Director Regulation	ENDORSED BY:

A report that incorporates feedback from the 18 May 2005 public meeting will be circulated prior to the Council meeting.

(Please contact Customer Services for attachments)

AGENDA ITEM NO:17	SUBJECT MATTER: INFORMATION ITEMS
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Jude Pani Manager Secretariat	ENDORSED BY:

DOCUMENTS SEALED

The following documents have been sealed under delegated authority.

- Memorandum of Agreement to lease land at McLeans Island
Canterbury Chartered Clubs Recreation Association
Incorporated
- Land Covenants
Protection of Lessee's existing use,
Lot 14 Eyre- Cust Reserves
- Memorandum of Agreement for the Provision of Passenger Transport Services
Christchurch Bus Services Limited:
Contract 261/04 Parklands (Monday-Sunday)
Christchurch Bus Services Limited:
Contract 262/04 Queenspark (Monday-Sunday)
- Leases of Rakaia Reserves
Lot 4 & 5
Lot 7
Lot 8 & 9
Lot 10
Lot 12 & 13
Lot 14
Lessee
G R Millar
R G Gilbert
G G Gilbert
F J, B J and G G Gilbert
J L and T G Searle
J L and T G Searle
- Memorandum of Agreement
Integrity Trade Services
- Easement Clearwater Sewer Pumping Station
Lot 42 Waimakariri Reserves
- Deed (Kate Valley Landfill)
Seismic Solutions Limited,
Hurunui District Council and
Canterbury Regional Council
Golder Associates Inc and Alan G Hull
- Credit Facility Agreement
Target Pest Enterprises Limited
- Deed of Grant of Funds
Department of Conservation
\$29,000 from the Biodiversity Condition Fund

AIR QUALITY IN CHRISTCHURCH

Council will receive a briefing on the change in instrumentation and its implications for particle measurement.

HEATHCOTE RIVER – PUBLIC MEETING

Council will receive a report back on the public meeting held on 18 May 2005 as a follow up to the earlier meeting with the community to discuss issues relating to the Heathcote River diesel spill 11-13 February 2005.

ACTING CHIEF EXECUTIVE OFFICER

Dr Bryan Jenkins, Chief Executive, will be absent from 28 May 2005 to 21 June 2005 inclusive. During Dr Jenkins' absence Wayne Thomas, Director Finance and Corporate Services, will assume the role of Acting Chief Executive. Mr Thomas will be absent over Queens Birthday weekend, including Tuesday 7 June. During the period that Mr Thomas will be absent - Friday evening 3 June 2005 until Wednesday morning 8 June 2005 - the Director Investigations and Monitoring, Dr George Griffiths will be available to respond to any items that would normally be handled by the Chief Executive.

MATTERS ARISING FROM APRIL PORTFOLIO COMMITTEES

Wilma Falconer, Director External Relations, will provide information on and discuss with the Council matters arising from the April meetings of the Portfolio Committees where the Committees discussed communication issues.

RECOMMENDATION

That the information items be received.

AGENDA ITEM NO: 18	SUBJECT MATTER: COUNCILLOR REPORTS EXTERNAL APPOINTMENTS/CONFERENCES/SEMINARS
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Jude Pani Manager Secretariat	ENDORSED BY:

PURPOSE

The purpose of this agenda item is to give Councillors an opportunity to report back to Council on their representation as external appointments. It is also an opportunity for Councillors to report back on recent attendance at conferences/seminars.

AGENDA ITEM NO: 20	SUBJECT MATTER: QUESTIONS
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Jude Pani Manager Secretariat	ENDORSED BY:

Response to a question asked by Cr McKay at the 28 April 2005 Council meeting

“What progress has been made in attending to schedule WQN9 of the proposed NRRP, and what process is being followed to amend the schedule?”

The following response is provided:

Since concerns relating to the Irrigation Demand Standards set out in Schedule WQN9 were originally raised at the Rangitata – Orton Groundwater Zone hearing in late 2004 and by a delegation from the South Canterbury Federated Farmers, Environment Canterbury has commissioned Dr Tony Davoren to re-analyse the dataset originally used from the 1998/99 irrigation season to help develop the standards, to provide a record of the total water use/land use/soil type along with the spatial information relating to these.

Staff then worked together with Tony to undertake a further re-analysis with adjustments made to account for:

- the differences of seasonal water demand that were experienced throughout the region in that year to ensure the total water demand standards represent demand conditions exceeded only 20% of the time;
- distribution of effective rainfall during the irrigation season and it's contribution to total water use; and
- the relative significance of spatial variability of evapotranspiration and rainfall.

This collaborative work has resulted in a revised set of standards that address the issues identified in October last year.

In undertaking the re-analysis, Environment Canterbury consulted with a nominated group of technical specialists from within the Irrigation Sector in Canterbury to verify that the approach being taken was technically robust and defensible. The technical specialists now largely support the revised standards.

A Technical Report (Report U04/15/1) documenting the re-analysis has been completed. The technical report will be presented to the Council workshop on 2 June 2005.

A recommendation will be made to the Council at its next meeting on 30 June 2005 to amend Schedule WQN9 via a Variation to NRRP following the standard statutory planning process.

AGENDA ITEM NO:22	SUBJECT MATTER: MEETING WITH PUBLIC EXCLUDED
REPORT: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES:	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Jude Pani Manager Secretariat	ENDORSED BY:

MEETING WITH PUBLIC EXCLUDED

The Chairman will move:

That the public be excluded from the following part of the proceedings of this meeting, namely:

- 22.1 Public Excluded Minutes, 28 April 2005
- 22.2 Report of the Finance and Audit Committee
- 22.3 Environment Court hearing on appeal of Morrissey application (Kaikoura District)
- 22.4 Functional Relationships, Canterbury Regional Council and territorial authorities
- 22.5 Proposed Clearwater Variation

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
22.1 Confirmation of Minutes	That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.	Section 48(1)(a)
22.2 Report of the Finance and Audit Committee	That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.	Section 48(1)(a)
22.3 Environment Court hearing on appeal of Morrissey application (Kaikoura District)	That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.	Section 48(1)(a)
22.4 Functional Relationships, Canterbury Regional Council and territorial authorities	That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.	Section 48(1)(a)
22.5 Proposed Clearwater Variation	That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.	Section 48(1)(a)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 7 of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

- 22.1 Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – section 7(2)(i).

22.2 Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) section 7(2)(i).

Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – section 7(2)(b)(ii).

22.3 Maintain legal professional privilege – Section 7(2)(g).

22.4 Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) section 7(2)(i).

22.5 Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) section 7(2)(i).

ITEM AGENDA NO: 23	SUBJECT MATTER: TARGET PEST ENTERPRISES LIMITED - STATEMENT OF INTENT FOR 2005/08
REPORT TO: Council	DATE OF MEETING: 26 May 2005
FILE REFERENCES: PE6C/16	PORTFOLIO: PROJECT: OUTPUT:
REPORT BY: Wayne Thomas Director Finance and Corporate Services and Rob Phillips, Portfolio Manager, Biosecurity/Pest Management	ENDORSED BY: Bryan Jenkins Chief Executive

PURPOSE

The purpose of this report is to present to the Council as shareholder a draft Statement of Intent for Target Pest Enterprises Limited and its subsidiary, Target Pest Contracting Limited.

ATTACHMENT

Target Pest Enterprises Limited Statement of Intent for the period 1 July 2005 – 30 June 2008.

BACKGROUND

Target Pest Enterprises Limited is required under the Local Government Act 2002 to submit to the council as its shareholder a draft statement of intent for the coming financial year and for the two years following. The draft statement received from the company for the period 1 July 2005 to 30 June 2008 is attached. This covers both Target Pest Enterprises Limited and its subsidiary, Target Pest Contracting Limited.

The Act sets out the following timeframe for development and confirmation of the statement:

- (1) The draft is delivered to the shareholder (by 1 March).
- (2) The shareholder has the opportunity to make suggestions for change to the statement (by 1 May) which the board of directors is required to consider .
- (3) The shareholder's comments are considered by the board of directors, which completes the statement and delivers it to the shareholder (by 30 June).

The final step in the process requires the shareholder to decide whether or not it agrees with the completed statement (and, if not, to take steps for its modification). The completed statement is also made available to the public.

The draft statement attached is in most respects the same as the one adopted last year with the addition of a new year's performance targets. The following changes from last year are highlighted:

INTRODUCTION (section 1)

The composition of the Board is updated to take account of the retirements of Messrs Green and Penno as directors and appointment of Ms Anderson and Cr Woods as their replacements. These changes also occur in the governance statement in section 13.

PERFORMANCE TARGETS (section 5)

For each of the performance targets a measure for 2007/2008 has been added.

Market share

The bovine Tb vector control tendering environment is facing important changes with a national tender document being developed by the Animal Health Board for use by the vector managers. While the draft has been the subject of extensive consultation and debate, Target Pest comments that the company and other contractors still have concerns on some fundamental issues. If the document results in a completely open and fair tender process being applied uniformly throughout New Zealand, the company expects that it will have greater access to markets, that it will be able to win more work and achieve greater market share. However, until experience is gained with the national tender document the company considers it prudent to adopt a conservative approach in projections of market share. The forecast for 2005/06 that was made in last year's statement of intent is retained and extended for the two years following.

Diversification

A performance target is added in relation to weed control and biosecurity. These are new areas of operation into which the company has diversified under its strategic plan.

Environmental performance

Former statements of intent have included a target that resource consents will be obtained as required. However, works for which the company is competing are subject to contract conditions that include this requirement and Target Pest, in common with all other contractors, must fulfil that requirement in order to be able to operate in the pest contracting

environment. The statement does not in itself create any performance target against which the company's performance can be measured and it is omitted from the statement of intent.

HUMAN RESOURCES PERFORMANCE TARGETS

HEALTH AND SAFETY

Health and Safety Management

From the first statement of intent a performance measure has been included requiring that a "pass" grade be held as a result of an OSH achiever's status audit. Its inclusion was a result from advice from Environment Canterbury Human Resources personnel supplied to the establishment unit. However, that status has been superseded by an ACC level 3 audit of Health and Safety management practices. This is an opportunity to benchmark Health and Safety management and in late 2004 it was decided by the board that they would work towards achieving primary and later secondary level status under the Accident Compensation Corporation's Workplace Safety Management Practices Programme. The ACC programme does allow for heavy discounts and the target in the draft statement of intent replaces the OSH achiever's status audit target of earlier years. An ACC audit was carried out in January 2005 and the company attained primary level status. The secondary level is the next objective. The ACC undertakes "without cost" audits only on a two-yearly basis with the next coming available in January 2007. The aim is to achieve secondary level status at that time and this is proposed as a performance target for the 2007/08 year.

DAYS LOST DUE TO ACCIDENTS

The law relating to employment relationships has caused the nature of company's workforce to change dramatically. Much of its work was previously done by "contractors" but specialist legal advice obtained resulted in the company engaging those people as employees. Consequently there has been a significant increase in the number of field employees.

This means that there is now a much larger proportion of field workers and this has increased employee accident statistics as most accidents occur in the field. This has resulted in a decision to move the performance target for the average number of lost days due to accident from 0.8 to 1.5 for 2005/06.

AVERAGE LENGTH OF SERVICE PER STAFF MEMBER

Increases in staff numbers caused by the addition of the Weeds and Biosecurity division has reduced the average length of service. The average length of service performance target is reduced from greater than 10 to greater than 5.

TRAINING INVESTMENT PER STAFF MEMBER

This performance target is \$300 per annum for each permanent staff member. Previously it was the same figure but covered all staff temporary and permanent.

DAYS LOST DUE TO SICKNESS PER STAFF MEMBER

The changed composition of the workforce and the Holidays Amendment Act 2004 has increased the exposure to sick leave payments. As a consequence the sick leave target is changed from less than four days to less than five days.

Customers and Environment Canterbury stakeholders

Growth in the company's business has necessitated a review of the targets for written complaints and liability claims. The targets relating to the number of complaints received and the number of liability claims settled both increase from less than three to less than five.

Also, the performance target for the number of permanent employees in Canterbury has been revised. The target of a total of 17 persons was established prior to the company's diversification programme and was intended as a measure of whether Target Pest is meeting the objective of retaining experienced animal pest personnel on which any new animal pest threat in Canterbury would be based. This is part of the values underlying the objective in paragraph (e) of section 3. The addition of the words "associated with animal pest control" meets the original intention and clarifies the performance target.

Financial

The after-tax profit forecast for each of the three years under consideration is drawn from the company's strategic plan.

COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT (section 12)

The Target Pest directors' estimate of the value as at 30 June 2005 is unchanged from 2004.

Other changes from last year's statement of intent are of a minor nature only.

PROPOSED ADDITION TO THE DRAFT STATEMENT OF INTENT

The board's proposals for the statement of intent are considered to be appropriate. However, a refinement is proposed for section 13, the governance statement. While this statement aligns well with "Local Authority Governance of Subsidiary Entities" (March 2001) published by the Auditor-General's Office, it is suggested that the Auditor-General's recommendation for commitment to a "no surprises" policy be reflected in the Policies for Communication with the Shareholder and Stakeholders in the governance statement. It is proposed that the following be added to the communication policies: "the Board will ensure that the shareholder is fully informed in relation to any matter which the board considers is likely to cause community concern or which appears to have political implications."

CAPABILITY ISSUES

A meeting of the Chairs of the Pest Liaison Committees will be held on Thursday 19 May to discuss the need for the continuing provision of a (mainly rabbit) pest capability in the region for the future. This will involve consideration of the numbers of qualified personnel that should be retained to ensure the desired capability and has the potential to impact on the requirements stipulated in this Statement of Intent under "Customer and Environment Canterbury Stakeholders". As a result, a further recommendation may be introduced at this Council meeting if this number should need to be changed.

RECOMMENDATION

That the board of Target Pest Enterprises Limited be advised that Environment Canterbury, as the company's shareholder, approves the draft statement of intent for 2005/08 for the

Target Pest group subject to the addition of the following to the Policies for Communication with the Shareholder and Stakeholders:

"the Board will ensure that the shareholder is fully informed in relation to any matter which the board considers is likely to cause community concern or which appears to have political implications."



Statement of Intent

for the period

1 July 2005 - 30 June 2008

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TARGET PEST ENTERPRISES LIMITED

Statement of Intent

1. INTRODUCTION

This statement of intent covers:

- Target Pest Enterprises Limited (wholly owned by Environment Canterbury); and
- Target Pest Contracting Limited (wholly owned by Target Pest Enterprises Limited)

Target Pest Enterprises Limited and Target Pest Contracting Limited are council-controlled organisations under the Local Government Act 2002. They are also subject to the Companies Act 1993. Both are "for-profit" organisations.

Every reference in this statement to "the company" or "the group" or "the council-controlled organisation" or "the CCO" must be read as a reference to the two companies as a group.

The registered office of both companies is 58 Kilmore Street, Christchurch.

Other contact information:

Post	P O Box 3012, Christchurch
Phone	(03) 353 9001
Fax	(03) 365 3194

The Chairman and Directors are the same for both companies. They are:

Martin Hadlee (Chairman)	Principal Consultant, Hadlee Kippenberger & Partners Limited
Lynn Anderson	Chief Executive, Orana Wildlife Trust
David Caygill	Deputy Chairman, Commerce Commission
Robert Johnston	Councillor, Environment Canterbury
Bill Woods	Councillor, Environment Canterbury

The group's General Manager is Paul Ash.

2. PURPOSE OF STATEMENT OF INTENT

The Local Government Act 2002 defines the purpose of a statement of intent as to:

- (a) *state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and*

- (b) *provide an opportunity for shareholders to influence the direction of the organisation; and*
- (c) *provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.*

The statement is delivered to the shareholder and the public on an annual basis and covers the year following its delivery and the immediately following two years. In effect, the document is a summary form of a three-year business plan prepared by the board of directors of the CCO. It sets out the board's intentions, objectives and expectations for the company.

3. OBJECTIVES

The Local Government Act 2002 states that the principal objective of a council-controlled organisation is to:

- (a) *achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and*
- (b) *be a good employer; and*
- (c) *exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and*

In pursuit of its environmental responsibility objective, the company will, as far as practical, minimise adverse effects of the company's operations on the environment. The company will be energy efficient and will minimise emissions to the air from its use of plant and vehicles.

- (d) *if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.*

The company has the following further commercial and non-commercial objectives:

- (e) to retain for the benefit of Canterbury the capability of controlling vertebrate pests in the region, to provide a presence of that capability throughout the region and to retain and develop the company's pest control knowledge and experience.
- (f) to be the pre-eminent and leading provider of pest management services within Canterbury and also to be a significant provider elsewhere.
- (g) to provide a competitive rate of return to Environment Canterbury on funds invested.
- (h) to give highest priority to providing animal pest management services in Canterbury.
- (i) to optimise the benefits Environment Canterbury's stakeholders receive from its activities.
- (j) to employ best practice operating systems and standards.

4. NATURE AND SCOPE OF ACTIVITIES

The nature of the principal activities in which the company will be involved are:

- the provision of pest management services within Canterbury and elsewhere.
- such other associated activities as the directors judge as commercially or strategically advantageous.

While the principal activity of the company is provision of pest management services, the directors or management of the company may review this where opportunities exist to strengthen the company's presence within Canterbury, and elsewhere.

5. PERFORMANCE TARGETS

Market share

	2005/2006	2006/2007	2007/2008
Share of Animal Health Board Bovine Tb market (in dollar terms)			
▪ in Canterbury	65%	65%	65%
▪ in the South Island (excluding Canterbury)	15%	15%	15%
▪ in the North Island	10%	10%	10%

Diversification

	2005/2006	2006/2007	2007/2008
Annual growth in revenue from operations of the weeds and biosecurity divisions by comparison with the previous year	10%	10%	10%

Legal compliance

	2005/2006	2006/2007	2007/2008
Number of successful enforcement proceedings under the Health and Safety in Employment Act, Resource Management Act, Biosecurity Act or other relevant laws	0	0	0

Environmental performance

	2005/2006	2006/2007	2007/2008
Number of compliance monitoring reports received that identify non-compliance with resource consents with moderate or major adverse effects	0	0	0

Human resources

	2005/2006	2006/2007	2007/2008
Meet the requirements of the ACC Workplace Safety Management Practices Programme at the level designated	Primary level	Primary level	Secondary level
Average days lost per employee from work accidents	<1.5	<1.4	<1.3
Average investment per permanent employee in training, including health &	\$300	\$300	\$300

safety awareness			
Turnover of permanent employees	<10%	<10%	<10%
Average length of employment ¹ of permanent employees	>5 years	>5 years	>5 years
Average days sick leave per employee	≤5	≤5	≤5
Successful personal grievance actions taken by employees	0	0	0

Customers and Environment Canterbury stakeholders

	2005/2006	2006/2007	2007/2008
Major customers ² satisfied with company performance overall (data to be obtained by annual survey)	95%	95%	95%
Major customers ³ retained	100%	100%	100%
Number of Bovine Tb feral vector control jobs subject to re-work by a vector manager	<20%	<20%	<20%
Written complaints received	≤5	≤5	≤5
Liability claims received	≤5	≤5	≤5
Liability claims settled	100%	100%	100%
Attendance at Environment Canterbury liaison committee meetings when requested to attend	100%	100%	100%
Number of depots operated in Canterbury	8	8	8
Number of permanent employees in Canterbury associated with animal pest control	17	17	17
Pass external review to enable quality management certification to be maintained	Certification maintained	Certification maintained	Certification maintained

Financial

	2005/2006	2006/2007	2007/2008
After-tax profit as projected in the strategic plan	\$445,000	\$490,000	\$538,000
Dividend rate (% of after-tax profit)	≥40%	≥40%	≥40%
After-tax return on shareholder's funds	>10%	>10%	>10%

6. RATIO OF CONSOLIDATED SHAREHOLDER'S FUNDS TO TOTAL ASSETS

	2005/2006	2006/2007	2007/2008
The projected ratios of consolidated shareholder's funds to total assets for Target Pest Enterprises Limited are	>25%	>25%	>25%

The term "consolidated shareholder's funds" means the aggregate of:

- contributed shareholder's capital
- accumulated undistributed profits
- asset revaluation reserves
- other capital and revenue reserves

¹ Length of employment includes service with Environment Canterbury's former Pest Unit

² A "major customer" is one having a contract or contracts which in the relevant financial year provide the company with revenue totalling at least \$100,000.

³ "Major customer" has the same meaning as in the performance target above.

as disclosed in the company's audited published balance sheet prepared on a consolidated basis and in accordance with generally accepted accounting practice.

The term "total assets" means the aggregate of:

- current assets
- investments
- fixed assets
- intangible assets

as disclosed in the company's audited published balance sheet prepared on a consolidated basis and in accordance with generally accepted accounting practice.

7. ACCOUNTING POLICIES

General Principles

Accounting policies are established in accordance with generally accepted accounting practice, with particular reference to the Financial Reporting Act 1993. The entity reported upon is the CCO.

Specific Policies

Basis of Consolidation / Purchase Method

The consolidated financial statements include Target Pest Enterprises Limited and its subsidiary Target Pest Contracting Limited.

Goods and Services Tax

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included.

Taxation

Income tax expense is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

Accounts Receivable

Accounts receivable are stated at expected realisable value after providing for doubtful and uncollectable debts.

Inventories

Inventories are stated at the lower of weighted average cost and net realisable value.

Work in Progress

Profits on significant contracts are recognised on a percentage of completion basis. Profits on minor contracts are recognised when contracts are completed. The amounts included in the statement of financial performance and the value of work in progress in the statement of financial position are estimated by assessment of individual contracts.

Fixed Assets

Fixed assets are recorded at historical cost.

Depreciation

Depreciation is provided on a straight-line basis on all fixed assets at rates which will write off the cost (or revaluation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Plant and equipment 4-18 years 5.5-25%

Provisions

A provision for rework is recognised as a liability in respect to contracts that are completed but which have subsequently failed to pass the monitor. The costs provided for are expected to be all incurred within the next financial year.

Employee Entitlements

Provision is made in respect of the company's liability for annual leave and long service leave. Annual leave and long service leave is calculated on an actual entitlement basis at current rates of pay.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

Financial Instruments

The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Statement of Cash Flows

- *Cash* means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the company invests as part of its day-to-day cash management.
- *Operating activities* include cash received from all income sources of the company and records the cash payments made for the supply of goods and services.
- *Investing activities* are those activities relating to the acquisition and disposal of non-current assets.
- *Financing activities* comprise the change in equity and debt capital structure of the company.

Investments

Investments in subsidiary companies are recorded at cost.

8. DIVIDEND POLICY

Subject to future cash needs and other contingencies, the company proposes to distribute to the ordinary shareholder a minimum 40% of its tax-paid profit.

9. CONTENTS OF REPORTS TO SHAREHOLDER

The company will supply the shareholder with:

An annual report comprising:

- A directors' report on operations and financial position
- Audited consolidated financial statements prepared in accordance with generally accepted accounting practice
- An auditor's report on the financial statements

The audited consolidated financial statements comprise:

- A statement of financial position
- A statement of financial performance
- A statement of movements in equity
- An overall operating statement
- One operating statement in respect of each significant activity
- A statement of cash flows
- Explanatory notes
- A comparison of the performance of the company with its statement of intent and explanation of any material variances between that performance and the statement of intent
- A statement as to the maximum dividend (if any) recommended to be payable by the company in respect of its equity securities (other than fixed interest securities) for the financial year to which the report relates

A half-yearly report comprising:

- A brief directors' report on operations
- A statement of any material changes in accounting policies
- Unaudited summarised consolidated financial statements consisting of statements of financial performance, movements in equity, cash flows and financial position
- A statement of any significant non-achievement of performance targets expected
- A statement as to any interim dividend being paid on equity capital

10. INVESTMENT PROCEDURES

Any investment in shares or other significant trading and/or operational transaction(s) by the company are to be subject to the following requirements:

- (a) The proposed acquisition is to be compatible with the existing objectives of the company.
- (b) The proposed investment meets investment criteria, in terms of return on funds, established by the directors of the company.
- (c) Where appropriate, specialist independent advice is sought to establish the valuation of the proposed acquisition.

- (d) Prior to any acquisition being entered into the normal standards required by due diligence are adhered to.
- (e) For the purposes of this clause, "significant" is set at the value of the assets of the CCO and shall be subject to review with the shareholder on an annual basis.

11. COMPENSATION FROM LOCAL AUTHORITIES OR CENTRAL GOVERNMENT

The company will be in the business of pest management services and related activities in the Canterbury region and elsewhere and, in the normal course of events, there are unlikely to be any activities for which the company will be seeking compensation from local or central government.

The group has not obtained or undertaken to obtain any compensation from its shareholder for any activity.

12. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The directors' estimate of the value of shareholder's investment in the company at 30 June 2005 is \$600,000.

The value of this investment is annually reviewed by the directors. Should the directors be unable to assess this value themselves, the services of a suitably qualified valuer will be employed.

13. GOVERNANCE STATEMENT

Role of the Board

The board's role is to implement the company's statement of intent and, within the framework of the statement, to make decisions at the strategic level on the company's direction. The board is also responsible for monitoring the operational and financial performance of the company to ensure that the company's targets are met and that it is able throughout the year meet its obligations as a company under the Companies Act 1993 and the Local Government Act 2002.

The company's General Manager is responsible for planning and decision-making at the operational level on a day-to-day basis. A comprehensive delegations manual has been adopted by the board which creates clear lines of authority for decisions between the board and the General Manager and company staff. The manual is subject to review annually and at other times as required.

Executive and Non-Executive Directors

The company has a General Manager and has no present need for any executive directors.

Size and Structure of the Board

The board is comprised of five directors. They are:

Martin Hadlee (Chairman)	Principal Consultant, Hadlee Kippenberger & Partners Limited
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Lynn Anderson
David Caygill
Robert Johnston
Bill Woods

Chief Executive, Orana Wildlife Trust
Deputy Chairman, Commerce Commission
Councillor, Environment Canterbury
Councillor, Environment Canterbury

The nature and volume of business to which the directors must attend is not such that a committee structure is required and the board's experience is that this business can be resolved at a two-monthly meeting of the board. The board meets on other occasions when special business arises. The only committee established by the board is an Audit Committee which has responsibility for liaison with the company's auditors on matters related to financial management, systems and controls, and reporting back to the board on any matters of significance.

Statement of Intent and Reports

In accordance with the Local Government Act 2002 the board prepares for the shareholder a statement for the year ahead and for the two years immediately following for the purpose of establishing the company's objectives and performance targets (financial and non-financial) which can be used to measure the company's performance. This is a three-year business plan in summary form. The board's draft statement is given to the shareholder and, after considering the shareholder's comments on the draft, a completed statement is adopted by the board and delivered to the shareholder. This process provides the shareholder with a formal vehicle for expression of the shareholder's expectations of the company. The statement of intent is reviewed annually.

The board also provides the shareholder with a brief report on the company's operations during the first six months and financial statements for that period. This report also highlights for the shareholder any significant non-achievement of performance targets that can be expected. The shareholder also receives a report on the full year's operations together with audited consolidated financial statements.

The annual report is formally considered at the company's annual meeting which provides a further forum for the shareholder and the board to consider the company's performance and direction.

Both the statement of intent and the annual report are made available to the public in accordance with the Local Government Act.

The board will, in addition to the half-year and annual reports, give written advice to the Chief Executive of Environment Canterbury from time to time of any anticipated material deviation from the performance targets specified in the statement of intent.

Directors' Services

Currently, the company does not employ directors in any capacity beyond that required of directors in their attendance at meetings of the board (or the Audit Committee). Any decision to employ a director in any other capacity would be taken by resolution of the board.

However, the Chairman performs services for the board additional to those directly related to the management of board meetings. He and the General Manager give the company a public persona and represent the board at meetings with the shareholder and others, business negotiations and so on. The Chairman also provides consultation and advisory services to support the work of management and staff. In its division of

remuneration approved by the shareholder, the board has set aside a sum for additional duties performed by the Chairman.

Customer Service Obligations

The board has demonstrated a commitment to customer service by endorsing and supporting the development of the company's Quality Management system. The achievement of ISO 9001:2000 certification means that customers are assured of planned results of a consistently high standard. The board has also been instrumental in leading the company towards the development of a strong quality culture throughout the organisation and has demonstrated commitment to customer service by developing a Quality Statement and Quality Policy. The policy is displayed in all of the company's offices and depots.

Resources Available to Directors

Every practical opportunity is taken to have pest industry experts attend board meetings to address directors on the latest developments and trends in the industry. The directors are also kept informed on issues related to the pest industry with the inclusion in the agenda for board meetings of newspaper articles, newsletters and similar information. The board also undertakes inspections of scientific and other facilities to give directors a first-hand appreciation of research and field work related to pest control.

Director Training

The Institute of Directors provides training for directors and the board is willing to consider supporting any director who wishes to take advantage of this facility. Other modes of training would be similarly considered.

Succession Planning

The company's directors are all appointed by its shareholder, Environment Canterbury, which, in accordance with the Local Government Act 2002, has established a policy under which directors of the company are appointed. This sets the process followed by the shareholder in appointing a director to ensure that this is done in a fair and transparent manner. Under the policy, there is consultation with the board's Chairman prior to making any appointment to decide on the required skills of a new director.

Directors are not appointed for a fixed term and the constitution of Target Pest Enterprises Limited allows the shareholder to make changes to the composition of the board as and when it sees fit. The board does not undertake succession planning as such but expects the shareholder to satisfy itself that the composition of the board is always appropriate to the company's needs.

The shareholder has from time to time undertaken reviews of the size of the board and its members and the board has assisted the shareholder in this process. It is ready to assist in any future review.

The board's Chairman may request the Chief Executive of Environment Canterbury to consider initiating a change in the membership of the board should a need for new skillsets or other attributes be perceived.

Code of Conduct for the Company

The company's code of conduct includes a commitment to having appropriate regard for its social and environmental obligations and this is reflected in the company's objectives (refer to section 3).

The company also expects that its personnel will conduct themselves in a professional manner when dealing with customers and this is reinforced during the training and induction processes. In addition, personnel are expected to adhere to the standard operating procedures in the Quality Procedures Manual.

Performance Review

An annual review of the board's performance is undertaken by the directors. To date, the board has not considered it necessary to review directors' performance on an individual basis.

The board delegates to the Chairman the task of reviewing each year the performance of the General Manager. The Chairman consults with the board on outcome of the review and matters arising from it.

Policies for Communication with the Shareholder and Stakeholders

The board regards communication, principally with the shareholder, as important to the proper functioning of the company. Reference has been made earlier to the half-yearly and annual reports which provide avenues for dialogue between the company and Environment Canterbury. The board will communicate with the shareholder on significant issues as they arise and on which the shareholder's advice or support will assist in determining the company's progress.

Risk Management Policies and Procedures

The company's directors and senior management have a diverse range of business expertise and knowledge developed through their association with various industries and organisations. Company staff also possess a wealth of pest control knowledge and experience, many having pest control experience dating back to the 1970's and earlier. This collective knowledge and experience is valuable to the company in identifying and managing the financial and other risks in operating a business, and in particular one operating within the pest control industry.

Gaining ISO 9001:2000 certification has involved addressing legislative requirements and incorporating them into written standard operating procedures. This ensures that personnel stay within the parameters of the legislative requirements and complete the operations to the required specifications. The company has also formulated "risk documents" that analyse the level of risk at all levels of the company's operation and the ways in which the business can mitigate the residual risk exposure.

The company's recruitment, selection and training policies ensure that personnel have the capability and commitment to work within the Quality Management system and that they take personal responsibility for thinking about how they can reduce risk.

Selection and Remuneration of Directors and General Manager

The shareholder appoints all of the directors and approves the total amount payable as directors' remuneration. This amount is determined at the company's annual meeting and it is subject to review during the year if required. The board determines how the amount approved by the shareholder is used to remunerate directors on an individual basis.

The General Manager is appointed by the board and remuneration for this position is subject to annual review. This review is undertaken by the Chairman who consults with the board on any proposed changes in the General Manager's remuneration.