

Christchurch City
Draft Annual Plan

2016

2017

and amended
Long Term Plan 2015–2025

**Consultation
Document**

Christchurch Ōtautahi



Christchurch
City Council





Enthusiastic amateur photographer Jianhuai Chen's winning image of Kite Day in New Brighton, which he attends each year, graces the cover of this year's Annual Plan. Mr Chen moved to Christchurch from China in 2010 and now lives in Burnside. "I fell in love with New Zealand, especially Christchurch, as soon as I came here. I think it is a beautiful and very friendly place."

Draft Annual Plan 2016–2017 and amended Long Term Plan 2015–2025
Consultation Document
Christchurch Ōtautahi

For the period 6 April 2016 to 10 May 2016
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Cautionary note

The forecast financial statements in this Annual Plan and Long Term Plan 2015–2025 have been prepared on the basis of best estimates available at the time of preparing the accounts. Actual results are likely to vary from the information presented and the variations may be material.

The purpose of this Annual Plan and Long Term Plan is to inform the community on the spending priorities outlined within the plan, and may not be appropriate for any other purpose.

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Brothers enjoying "Tangle" at Christchurch Art Gallery.

1

Introduction

From the Mayor

I really felt like we ended 2015 on a high note as a city: insurance settled, our Art Gallery open, the Te Hāpua Halswell Centre up and running, the instant popularity of the new Margaret Mahy Playground, another Spectrum Street Art Festival and the Christchurch Adventure Park on track, to name a few.

2016 will see work start on the new Central City Library, which will be a world-leading new generation knowledge centre. It has been announced that a reinstatement plan for the Cathedral will be completed by April. The Eastern Recreation and Sport Centre will be underway, as will decisions around the new Hornby Hub, which includes a swimming pool and library.

Regenerate Christchurch will be in place and getting things moving. Under its leadership, New Brighton will be a special focus of attention and we will start reimagining the future of the Residential Red Zone. This is a year filled with possibility.

We have far more certainty and a better financial situation than we did when the 2015–2025 LTP was adopted. We have reached a turning point as a city and, without those uncertainties, this Annual Plan proposes a firm foundation for the next Council to build on.

I called the Long Term Plan 2015–2025 *Building Resilience: From Recovery to Regeneration*. I chose the word regeneration because it captured both restoration and new growth. We not only need to fix things, we also need to enable new things to grow — something we should expect in a 21st Century Garden City. It is the potential for growth that we wish to enable and catalyse, keeping alive that sense of 'anything is possible'.

At the same time, we want to be realistic about what we can deliver — there is little point promising to deliver a capital programme only to find that a significant amount of it needs carrying forward because it cannot be delivered. The assumptions upon which we based our proposed capital programme for the current year have proved to be overly optimistic. We now know that this will also be the case for the 2016–2017 year if we continued with the programme outlined in the Long Term Plan.

This means we have needed to prioritise, and we are seeking your feedback. Such an approach also means we could open our capital programme to innovative delivery options — Development Christchurch Ltd, unsolicited bids, community and/or private sector partnerships or alliances.

At the same time, we need to balance capital expenditure and operational expenditure, and that requires a highly efficient asset management regime, which enables us to ensure that we are getting the balance right. This is why the renewals' regime — our routine maintenance programme — needs a higher degree of scrutiny. It cannot simply be 'business as usual' — we need to ask whether the work stacks up against other priorities, and this has caused a rethink of some levels of service.

This means we are going to have to amend the Long Term Plan with this year's Annual Plan, but we are doing so in a way that will allow innovative solutions to be developed and used to bring forward work that can and should be done.

We are proposing to cap the average rates increase at 5 per cent for 2016–2017 and a further two years after that — a significant reduction from where we were at a year ago, and we will not need to release any capital in 2016–2017 either.

The Consultation Document is designed to be informative, as well as to elicit responses from the people of Christchurch. We include maps that show progress on all the major community facilities being repaired or rebuilt.

Everyone has a part to play in the regeneration of our city and now is the time to share your thoughts and ideas with your Council as it prepares its budgets and plans for the next 12 months and beyond.



Lianne Dalziel
Mayor of Christchurch

Join the conversation

Our finances were the focus of the 2015–2025 Long Term Plan as we looked at how we as a city were going to fund the rebuild while investing in growth and transformation such as new libraries, community facilities and cycleways.

The Council is now on a firmer financial footing for several reasons. We are proposing significant changes to the Long Term Plan for the financial year 2016–2017 and beyond.

We want your feedback on how the Council proposes to adapt to and support our city and community needs over the next 12 months and beyond.

In this document we:

- tell you about these changes and what they may mean for you
- ask you about your response to some of the main issues
- let you know about the ways you can find out more or tell us what you think

If you want to know more about what's proposed, go to ccc.govt.nz or pick up copies of the draft Annual Plan 2016–2017 and amended Long Term Plan 2015–2025 documents from the Civic Offices or Council libraries and service centres.

Community forums will be held across the city in April, and we would love to hear what you think. Hearing from all parts of our community is essential as the decisions we are making affect every person living in Christchurch, both now and in the future.

The Council will not make its final decisions until it has heard what you think of the proposals. We need to adopt the final Annual Plan and amended Long Term Plan by the end of June. Submissions close at 5pm on 10 May and you can have your say the following ways:

- online at ccc.govt.nz from Wednesday 6 April to Tuesday 10 May
- by writing to Christchurch City Council Draft Annual Plan 2016–2017, PO Box 73017, Christchurch 8014
- by emailing a submission to ccc-plan@ccc.govt.nz

What is an amended Long Term Plan and an Annual Plan?

Councils prepare a Long Term Plan every three years. Each Long Term Plan projects funding for 10 years and beyond. Recognising that community needs and a council's financial position change over time, councils refresh the plans every three years. Christchurch City Council prepared a Long Term Plan in 2015.

In the years not scheduled for a refresh of the Long Term Plan, councils prepare an Annual Plan that outlines changes from the Long Term Plan for that year. If the changes are significant and will have an effect beyond the year of the Annual Plan, the Long Term Plan needs to be amended as well.

This document is divided into two parts, with Section 2 outlining the proposed changes to the Long Term Plan 2015–2025, and Section 3 containing details about the Draft Annual Plan 2016–2017.

Our proposals at a glance

Long Term Plan amendments

In the Long Term Plan, we signalled a major review of our works programme — the capital expenditure programme.

We are proposing:

- To reschedule the capital expenditure programme and look at innovative ways of doing this work.
- This means we will spend \$166 million less over the next year, then \$125 million and \$105 million more than planned in the following two years. We will spend \$167 million less over the 10-year period of the 2015–2025 Long Term Plan (out of a total of \$4.6 billion).
- This rescheduling plus operational savings will lead to lower rates increases than originally proposed over the next few years.
- Proposed rates rises will now be 5 per cent in the 2016–2017, 2017–2018 and 2018–2019 financial years and then 5.62 and 4.92 per cent in the 2019–2020 and 2020–2021 financial years. We signalled rate increases of 7.18 per cent for the 2016–2017 financial year in our Long Term Plan and annual rises between 5 per cent and 7 per cent until 2020–2021.
- It also allows us to reduce the proposed \$750 million in capital release to \$600 million (including \$200 million in the 2015–2016 financial year) and to rephase the programme to \$200 million in each of the 2017–2018 and 2018–2019 financial years.
- The updated debt profile is in better shape with a net debt to revenue ratio peak of 186 per cent in 2020. This increases our ability to borrow more if we need to.

Main 2016–2017 Annual Plan proposals

- To raise rates for the next financial year by 5 per cent, down from the 7.18 per cent proposed in the Long Term Plan 2015–2025.
- To reduce the capital programme budget for major works from \$610 million to \$450 million in the next financial year, and spread the balance across a more practical timeframe. This means an overall reduction from \$798 million to \$633 million when SCIRT work is included.
- To reduce borrowing from \$334 million to \$219 million in 2016–2017.



Te Hāpua: Halswell Centre opened in 2015.



Spring flowers contrast with central city buildings.

2

Long Term Plan
2015–2025

Long Term Plan 2015–2025

Proposing a practical programme of major works (capital programme) and using our insurance settlement means we can make rates more affordable than signalled in the Long Term Plan and reduce borrowing.

Our proposed option

The most important challenge the Council faces is helping to fund the rebuild and regeneration of the city, while ensuring it remains affordable for those who live and do business here. The proposed financial strategy uses several ways to pay for the work programme and balance the books. They are:

- rate and fee increases
- managing debt
- freeing capital from our assets
- rescheduling some of the big capital projects in our work programme
- insurance recoveries.

Long Term Plan amendments

We only want to collect rates or borrow for projects when they are confirmed to go ahead. Our more realistic schedule for our major works programme means we will spend no more than \$450 million on major works in 2016–2017, with a total capital spend of \$633 million including SCIRT's repairs to earthquake-damaged infrastructure.

It is expected that \$425 million of this year's (2015–2016) programme will not be delivered of which \$269 million is to be carried forward. Of the balance, \$119 million relates to the SCIRT programme which has been reduced as a result of the prioritisation/optimisation review. Other areas of underspend include housing and strategic land.

The reprioritising of the major works programme also changes what we propose to spend in the remaining years of the Long Term Plan. As a result of the reduced spend, we will be able to lower our debt levels.

We also do not need to release the same amount of capital in the period signalled in the Long Term Plan. We propose reducing the remaining capital release from \$550 million to \$400 million, split evenly in the 2017–2018 and 2018–2019 financial years.

Due to money carried forward from capital projects that could not be completed this year, we do not need any capital release in the next financial year (2016–2017).

The net effect of the rescheduled works programme is a reduction of \$466 million over the first three years of our Long Term Plan, (including the current year), but a reduction in the programme of \$167 million over all 10 years (out of a total of about \$4.6 billion).

You can see the full financial strategy at ccc.govt.nz/annualplan. Read it with the Infrastructure Strategy and the Capital Programme. Together, they describe the updated work programme for all the major assets we are going to repair, renew or build in the central city and local communities.

What is capital release?

Council-owned companies could raise money internally by borrowing, issuing non-equity securities, or selling assets such as buildings and land.

Or

The Council could raise money by selling shares in its companies. Shares in the Council's strategic assets will not be sold without full public consultation.

How we will manage the uncertainties and risks

Management of our major works programme

We have reduced the capital programme to a level more in line with the Council's construction capacity. We are also reviewing our in-house ability and processes to ensure we have the right skills to deliver a significant works programme.

Uncertainties about project costs and accountabilities

We are still uncertain about the scope and costs of the remaining infrastructure repairs that we will take over once SCIRT finishes its work this year. There is uncertainty, too, about the costs of carrying out the work for the Land Drainage Recovery Programme (LDRP) (ccc.govt.nz/landdrainage). While \$286 million has been budgeted over the next nine years for selected projects that provide the most benefit, it is possible the entire programme could cost as much as \$1.6 billion over 40 to 50 years if all projects are included. We will continue to review business cases to refine scope and costs.

Asset valuation data

Our land drainage asset valuation is out of date and our condition assessments of wastewater and roading valuations are incomplete. This could impact our ability to accurately assess our capital expenditure. We are using SCIRT's extensive condition assessment data to gain a better understanding of the condition of our assets, which will then enable us to have them valued.

Deferred renewals create ongoing risks and costs

We recognise that the further deferral of some of the capital programme may compromise the condition of some infrastructure and may result in higher ongoing maintenance costs. It may place additional risk around some levels of service but we will address this through continually reassessing the priority of critical projects where circumstances allow.

Other scenarios

We have briefly outlined our financial strategy. We came up with this approach after weighing up many options and listening to your Long Term Plan feedback. There are many potential scenarios depending on how we use debt, capital release and rates.

Listed below are two other possible approaches and their effects.

Alternative option one — Increasing rates revenue, raising more debt, no further capital release

If we decided not to release any capital from our companies in future this would mean higher rates in future years than we are proposing. Rate increases would need to range from 5 to 7.6 per cent a year for the next five years and our debt level would peak at 232 per cent of revenue. Our limit is a 250 per cent debt to revenue ratio, set by the Local Government Funding Agency. If the Council took debt to this level we would have no ability to deal with an unexpected situation or demand.

Alternative option two — Lower rates and debt through the full capital release programme

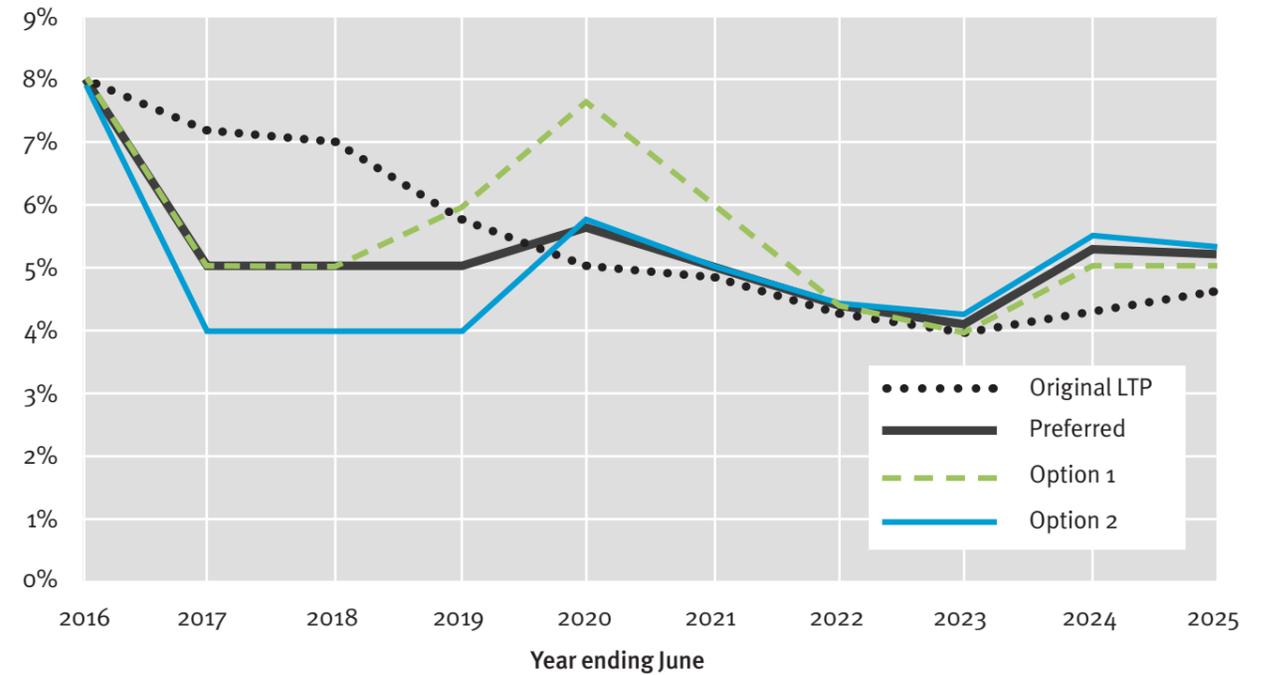
The Long Term Plan agreed to release \$750 million in capital over the current and the next two financial years. If we went ahead with this, we could reduce rate increases to 4 per cent for three years followed by 5.7 and 5.0 per cent. Our debt level would peak at 170 per cent of revenue.

Questions for you

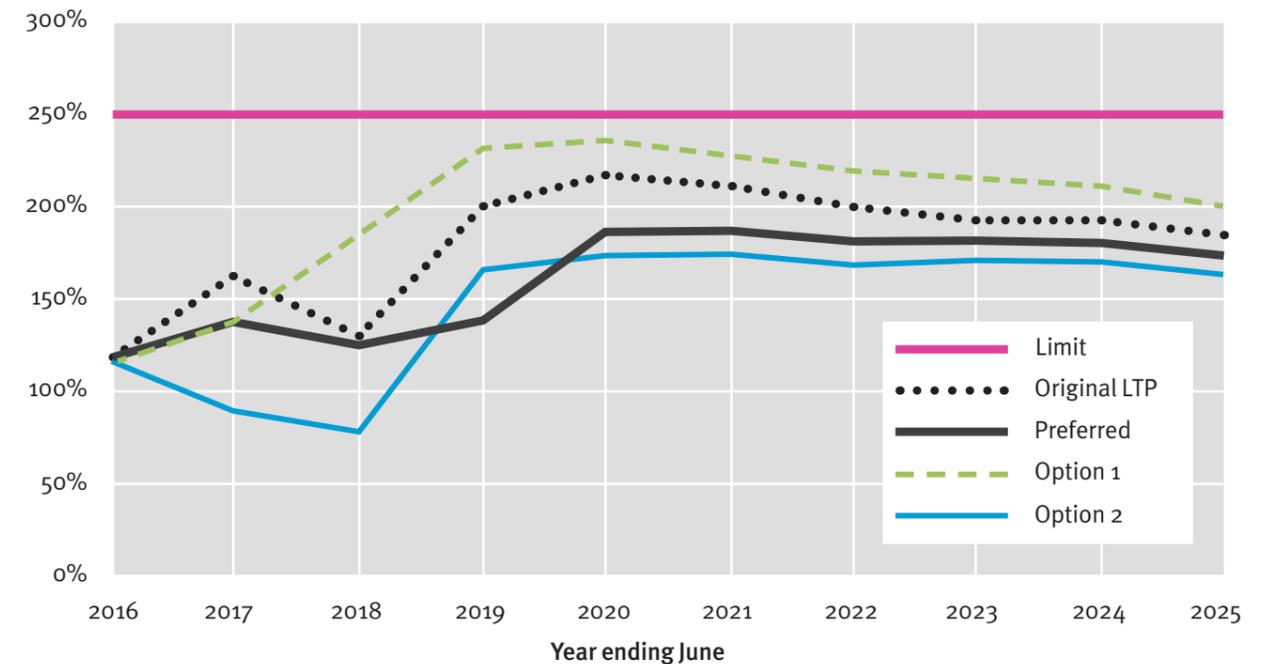
1. Do you agree or disagree with the proposal to rephase the capital programme, and the changes this makes to the financial strategy (lower than anticipated rate increase, more practical timeframes for big projects)? If you disagree, what approach do you prefer?
2. Do you agree or disagree with the proposed approach to capital release? If you disagree, which option do you prefer?

Impact of options on rates and net debt/revenue ratio:

Rates increase to ratepayers



Projected Net Debt/Revenue Ratio



Changes to levels of service

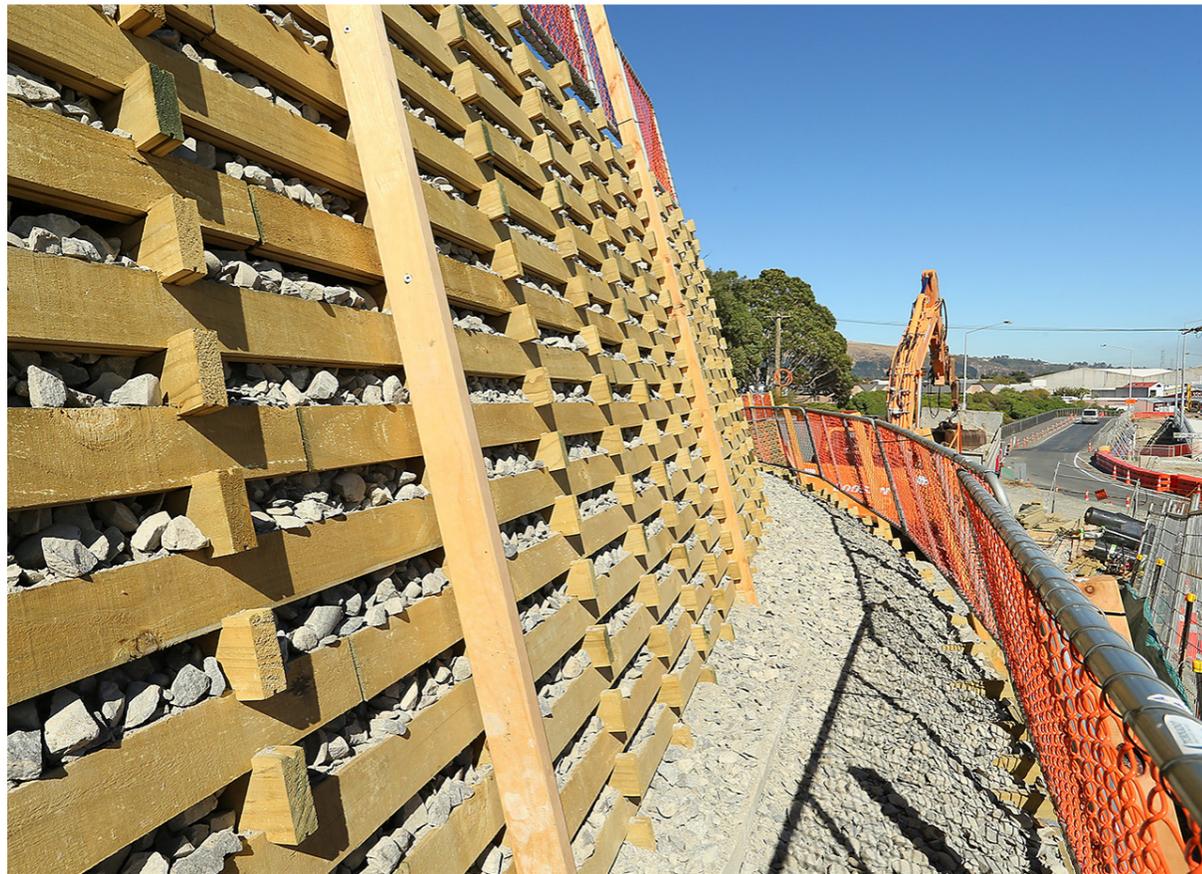
Changed timing of projects in the capital programme will see some changes to the levels of service described in the Long Term Plan.

As the capital programme is only slightly lower overall, changes to levels of service are limited over the long term. Projects continue, but with updated timing.

The two main proposed changes are to the levels of service for roads and footpaths. Prioritising earthquake repairs over planned maintenance (also called renewals) will see some levels of service reduced. We also acknowledge that the repair process itself temporarily affects people's satisfaction.

The levels of service that would be affected are:

- Maintain resident satisfaction with roadway condition — slightly lowering future targets
- Maintain road infrastructure — new targets around road roughness.



Construction work near Ferrymead Bridge.

Review of Capital Programme

The capital or major works programme outlines what the Council is going to spend over the next 10 years on renewing, replacing and building new facilities and infrastructure.

We are ambitious and want to return the city's infrastructure and facilities to pre-earthquake conditions and improve them where possible. This has included new facilities for our communities.

Priorities for our Capital Programme

- Repairing or rebuilding facilities in the communities most affected by the earthquakes.
- Reducing the flooding risk, for example, the Knights Stream and Bells Creek projects.
- Reaffirming our commitment to the eastern suburbs so outcomes and levels of service are even across the whole city.
- Ensuring communities have good social infrastructure so people feel safe and involved. Key facilities are libraries, recreational centres and pools.
- Prioritising the repair of our streets, pavements and curbing across suburban areas, particularly for the worst affected communities and areas.
- Prioritising spending on water quality, including protecting our ground water and raising the quality of our urban rivers.
- Prioritising suburban regeneration in the most earthquake-affected areas, while balancing suburban and central city projects.

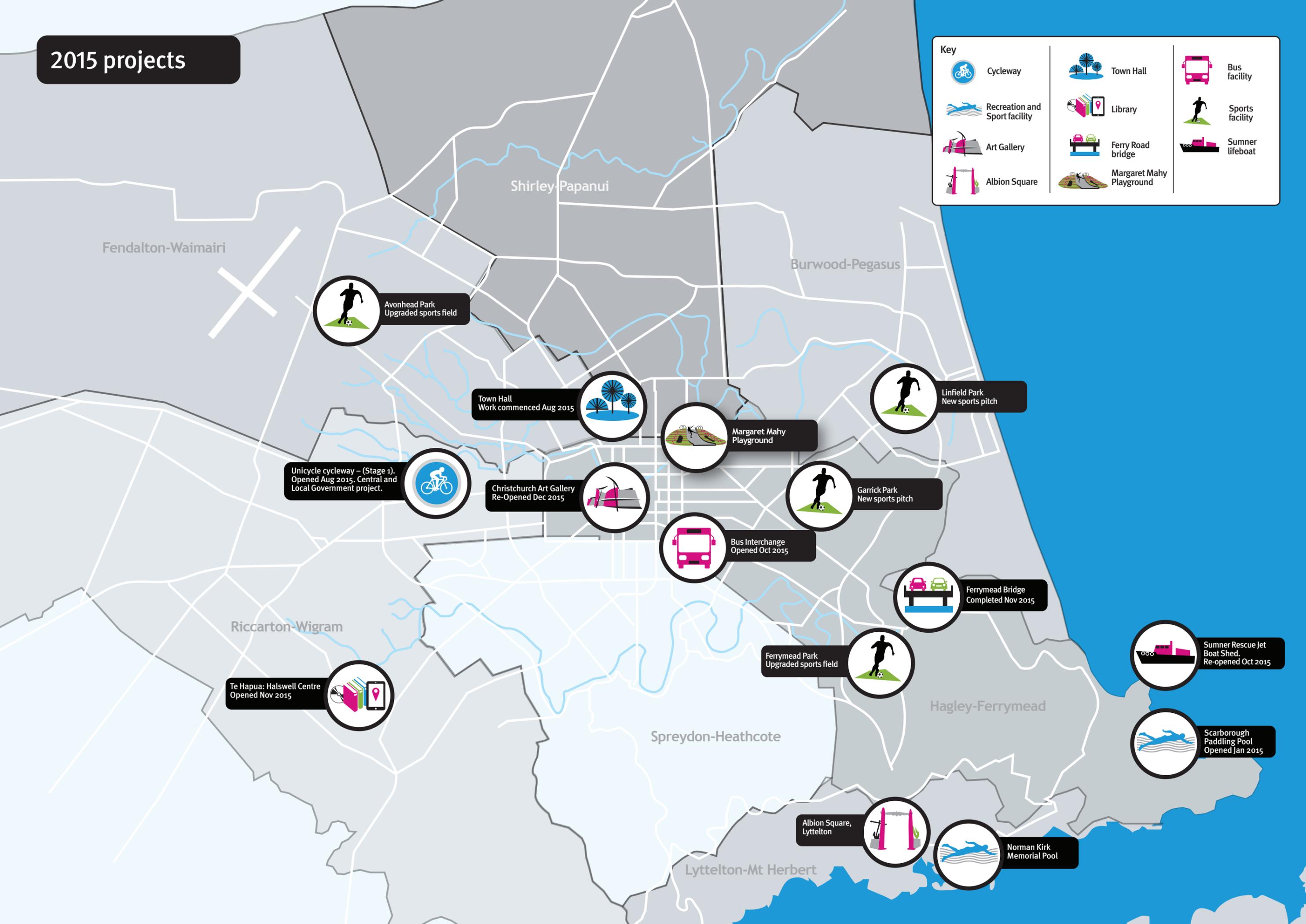
Questions for you

3. Do you agree or disagree with the proposed priorities for the capital programme?
4. Some residents have been without basic services such as footpaths for five years. We want to prioritise work in areas with a legacy of earthquake damage. Do you agree or disagree with this approach?

2015 projects

Key

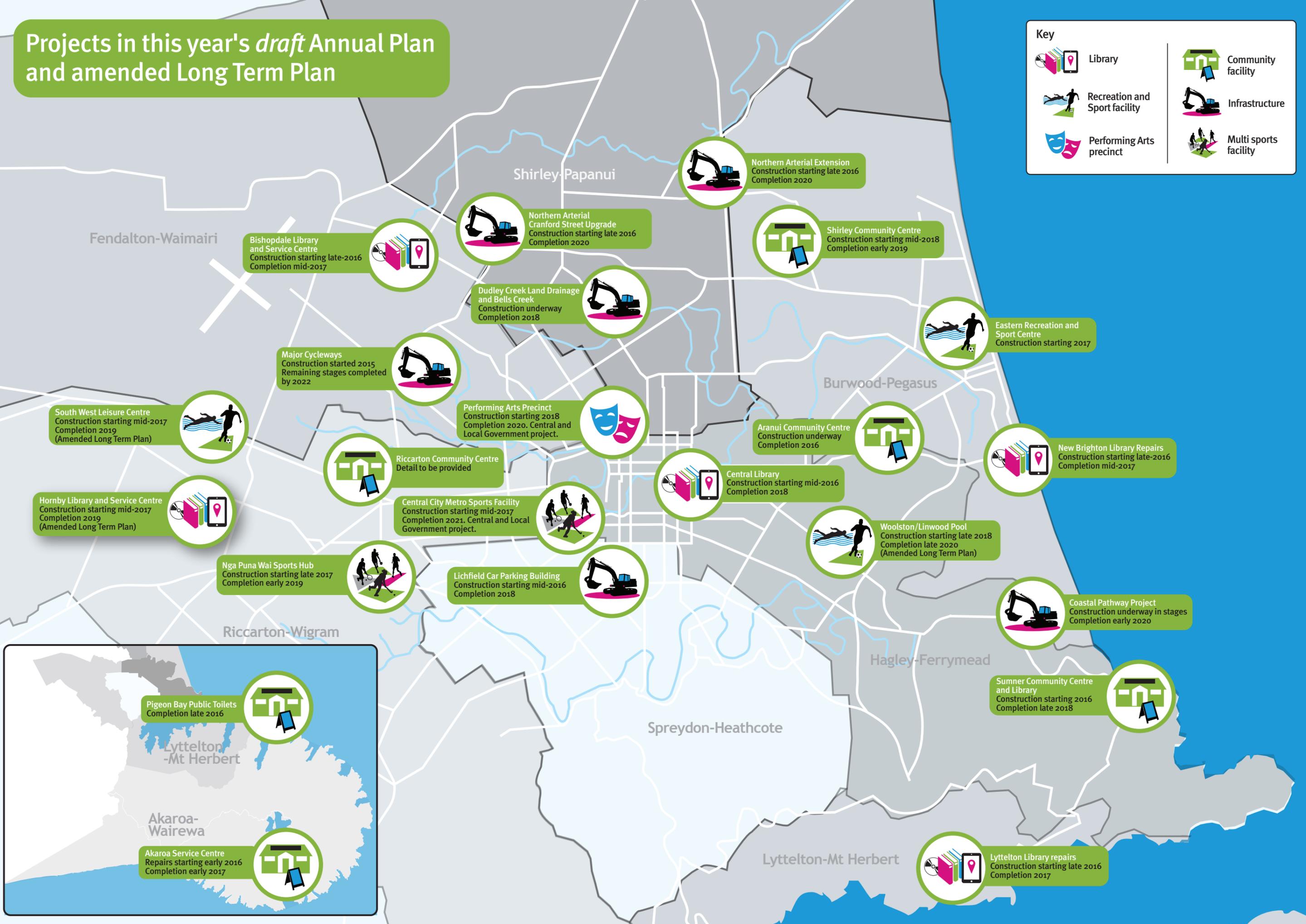
 Cycleway	 Town Hall	 Bus facility
 Recreation and Sport facility	 Library	 Sports facility
 Art Gallery	 Ferry Road bridge	 Summer lifeboat
 Albion Square	 Margaret Mahy Playground	



Projects in this year's *draft* Annual Plan and amended Long Term Plan

Key

	Library		Community facility
	Recreation and Sport facility		Infrastructure
	Performing Arts precinct		Multi sports facility



Northern Arterial Extension
Construction starting late 2016
Completion 2020

Northern Arterial Cranford Street Upgrade
Construction starting late 2016
Completion 2020

Shirley Community Centre
Construction starting mid-2018
Completion early 2019

Bishopdale Library and Service Centre
Construction starting late-2016
Completion mid-2017

Dudley Creek Land Drainage and Bells Creek
Construction underway
Completion 2018

Eastern Recreation and Sport Centre
Construction starting 2017

Major Cycleways
Construction started 2015
Remaining stages completed by 2022

Performing Arts Precinct
Construction starting 2018
Completion 2020. Central and Local Government project.

Aranui Community Centre
Construction underway
Completion 2016

South West Leisure Centre
Construction starting mid-2017
Completion 2019
(Amended Long Term Plan)

New Brighton Library Repairs
Construction starting late-2016
Completion mid-2017

Riccarton Community Centre
Detail to be provided

Central Library
Construction starting mid-2016
Completion 2018

Hornby Library and Service Centre
Construction starting mid-2017
Completion 2019
(Amended Long Term Plan)

Central City Metro Sports Facility
Construction starting mid-2017
Completion 2021. Central and Local Government project.

Woolston/Linwood Pool
Construction starting late 2018
Completion late 2020
(Amended Long Term Plan)

Nga Puna Wai Sports Hub
Construction starting late 2017
Completion early 2019

Lichfield Car Parking Building
Construction starting mid-2016
Completion 2018

Coastal Pathway Project
Construction underway in stages
Completion early 2020

Pigeon Bay Public Toilets
Completion late 2016

Akaroa Service Centre
Repairs starting early 2016
Completion early 2017

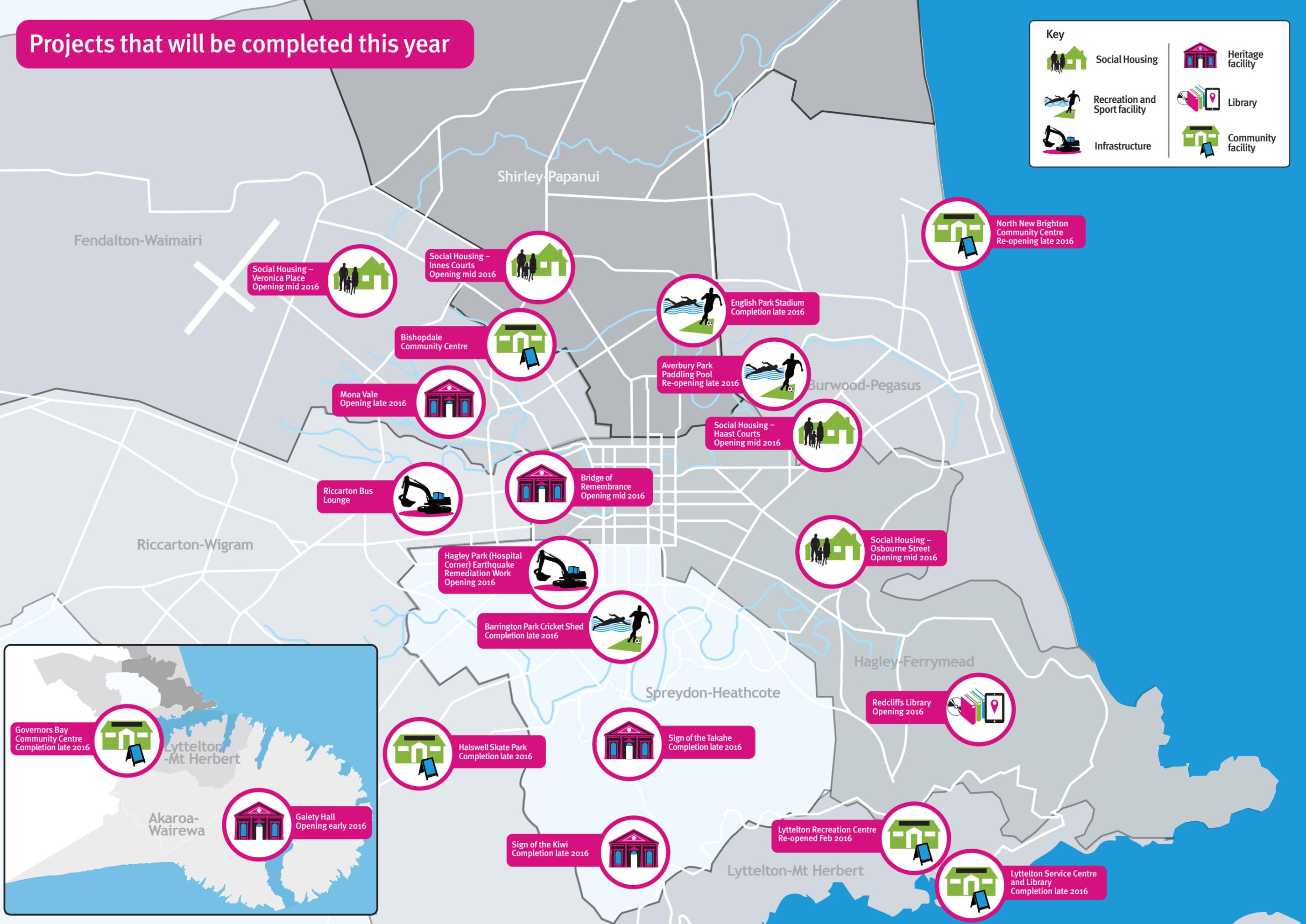
Sumner Community Centre and Library
Construction starting 2016
Completion late 2018

Lyttelton Library repairs
Construction starting late 2016
Completion 2017

Projects that will be completed this year

Key

	Social Housing		Heritage facility
	Recreation and Sport facility		Library
	Infrastructure		Community facility



Examples of changes to the Capital Programme

Several factors have combined to affect delivery of projects in the 2015–2016 year, including land acquisition, project planning, and the need for extensive community consultation on key projects. This means that there will be unspent capital expenditure at the end of 2015–2016. In the Financial Strategy, this sum has been carried forward, mostly to 2016–2017, but with some funding in future years based on reprioritisation and feasible delivery dates for individual projects.

The following section lists the latest construction start dates on various major projects, and likely opening dates:

South West Leisure Centre and New Hornby Library and Service Centre

South West Leisure Centre will provide recreational opportunities for growing communities around Hornby and Halswell and support neighbourhood renewal.

What may change and why? In the Long Term Plan, the South West Leisure Centre was scheduled to open in mid-2018 and the New Hornby Library and Service Centre in mid-2017. We now expect construction will start in the second half of 2017 after public consultation this year, and the whole facility is due to open in 2019.

Coastal Pathway Project

This 6.5km long pathway between Ferrymead and Scarborough Beach in Sumner is for walkers, cyclists, skateboarders, and people using scooters and wheelchairs. Almost half the pathway — the section between Ferrymead and Redcliffs — has been completed and a section of seawall on Beachville Road is under construction. The Council is contributing \$9.9 million to this project. We are looking into possible partnerships, alignment with other work, and any other ways we can get this work completed more quickly.

What may change and why? In the Long Term Plan, the Coastal Pathway's final stage was expected to open in mid-2018. We now expect construction of the final stage to start in mid-2018. The project looks unlikely to meet original timeframes — detailed design and resource consent is still needed for major sections so we have updated the project budgets to reflect revised timelines.

Woolston/Linwood Pool

The Long Term Plan proposed an indoor pool to meet community need in either Linwood or Woolston.

What may change and why? In the Long Term Plan, the pool was due to open in mid-2018. We now expect to start construction in late-2018 and complete the pool in 2020. We still need to find a site, consult with the public and look into possible partners for this project. We will bring forward funding for this project if it can be delivered sooner.

Shirley Community Centre

The previous community centre was demolished and we will build a new facility.

What may change and why? In the Long Term Plan, the centre was due to open in mid-2016. We now expect construction to start in mid-2018 and the Centre to open in early-2019. The Community Board supports taking the time to explore an innovative solution and funding has been pushed back to reflect updated timelines.

Central Library

The new Central Library in Cathedral Square will foster life-long learning and be the place for information, inspiration and entertainment.

What may change? In the Long Term Plan, the library was due to open in late-2018. Work on the site is underway and at this stage, we still expect to start construction in mid-2016 and open the library in 2018. Funding for this project has been moved back to reflect when construction is likely to start, but the library is on track overall.

Major cycleways

Responding to community demand, the Council developed plans for a network of 13 cycleways in Christchurch.

What may change? The Long Term Plan said all major cycleways would be completed by 2021, we now expect to finish them all by 2022. This reflects a more realistic delivery programme. By the end of 2018, we expect to have completed the Uni-Cycle, Papanui Parallel, Northern Line Cycleway, Quarryman's Trail and Heathcote Expressway routes.

The Northern Arterial

The NZ Transport Agency's Northern Arterial is a new section of motorway that will connect QEII Drive with the existing Northern Motorway north of Belfast. The Council has two projects that link to the Northern Arterial project — the Northern Arterial Extension and the Cranford Street Upgrade.

What may change? The Council is considering \$76 million in funding for these projects in the amended Long Term Plan. We propose to construct these two projects at the same time as the motorway section, starting late in 2016, and due for completion by 2020, as part of a NZTA-managed contract. These projects will improve journey times from the north of the city and free up capacity on Main North Road, Papanui Road and Marshlands Road.

The coming years — issues and challenges

Our problem is no longer so much about funding the work programme, but more about how to deliver it in a timely and efficient manner.

We think the solution includes:

- Finding new ways of doing things such as exploring different options for combining facilities or using standardised designs for buildings.
- Opening our capital programme to innovative delivery options, for example perhaps by sending more work to the external market, SCIRT and Development Christchurch Limited.
- Speeding up projects through improved consultation, making greater use of early contractor involvement, and using more design and build contracts and alliance models. Where and when it is possible to "go faster", we will.

Questions for you

5. Do you have suggestions about how we could deliver our capital programme in a more timely and efficient manner?
6. Do you have any ideas for new ways we can work to deliver the facilities our community needs?
7. Do you have any projects you would like the Council to prioritise?
8. What trade-offs would you support if we were to speed up some areas of work?



Children enjoying Margaret Mahy Family Playground.

3

Annual Plan
2016–2017

Annual Plan 2016–2017

The settlement of our insurance claim for \$80 million more than we had budgeted, and other changes over the last year, mean this draft 2016–2017 Annual Plan differs significantly from last year's Long Term Plan proposals. Changes to the capital programme, the lower than planned expenditure this financial year and the insurance settlement have greatly reduced our need to borrow and release capital in the coming financial year. We have cut new borrowing by \$115.1 million to \$218.7 million, reduced the planned release of capital by \$150 million and postponed the next release to the 2017–2018 financial year.

These changes mean a lower rates increase than forecast in the Long Term Plan.

Annual Plan funding

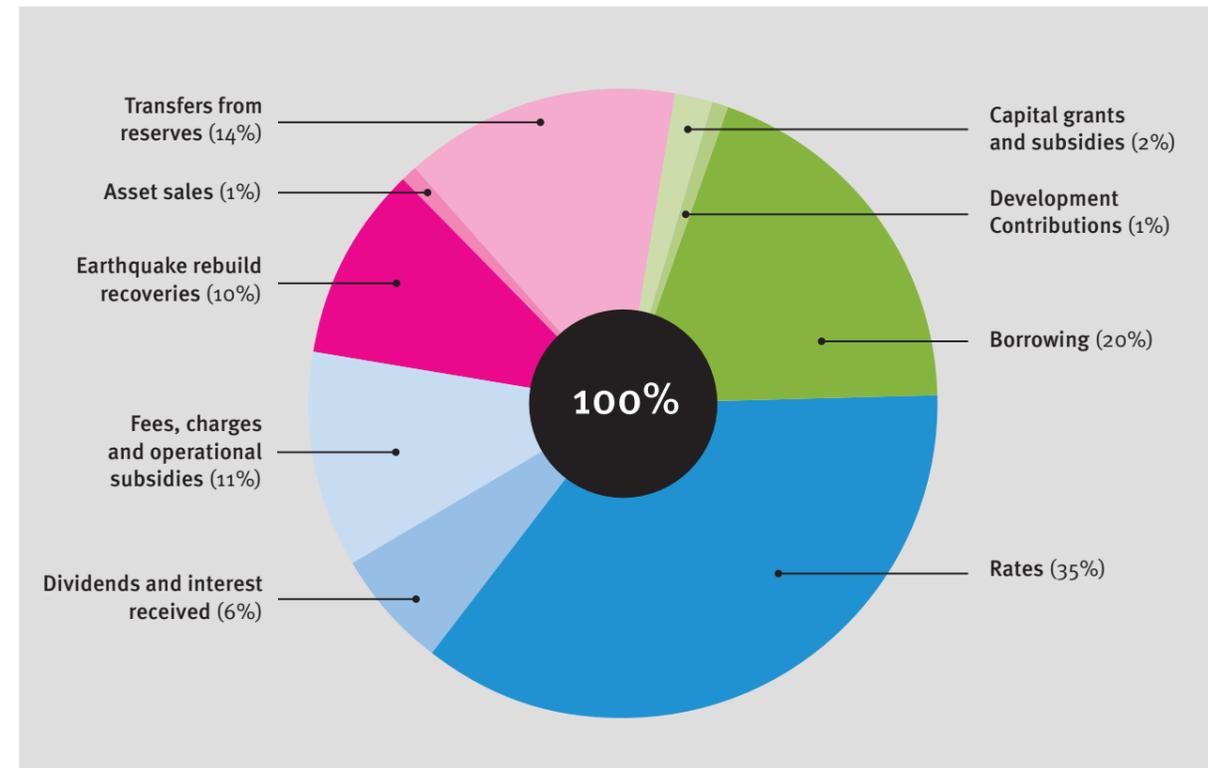
Of the \$1.2 billion needed to fund the city over the next year, \$424 million will come from rates, \$219 million from borrowing and \$382 million from user charges, fees, rents, subsidies and dividends. The balance of \$170 million comes largely from the insurance settlement and the sale of City Care.

We propose to increase our revenue from rates by 5 per cent for the next financial year. Under this proposal, rates for the average house will rise in July from \$42.11 a week this year to \$44.13 in 2016–2017.

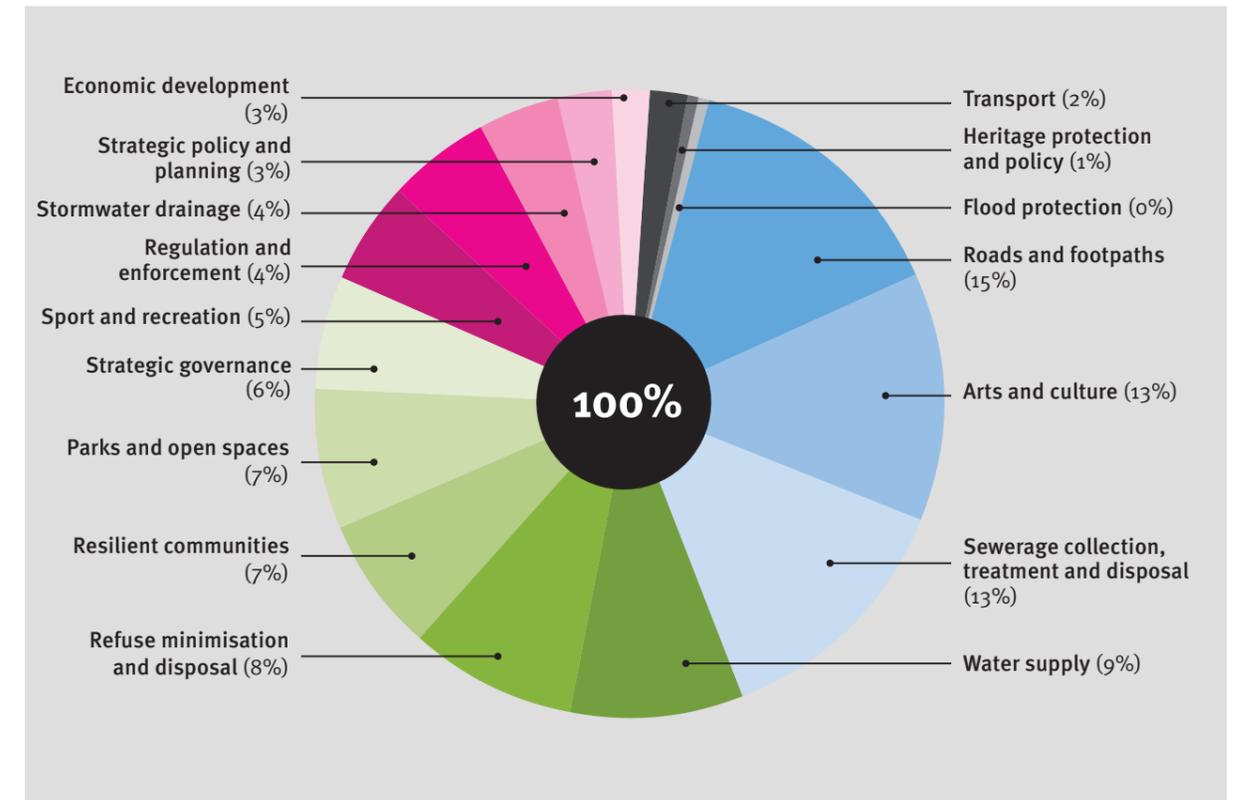
No council makes this decision lightly, but Christchurch is facing a unique situation and needs to fund the rebuild and regeneration of the city. The cost of the products and services used by the Council has also risen by 2 per cent in the last year.

Average rates in Christchurch have historically been lower than those in other areas. Even with these expected increases, Christchurch still has much lower average rates than Auckland City and they are comparable with Wellington, Tauranga, and Waimakariri District.

Where our funding will come from 2016–2017



Rates contribution for each group of activities

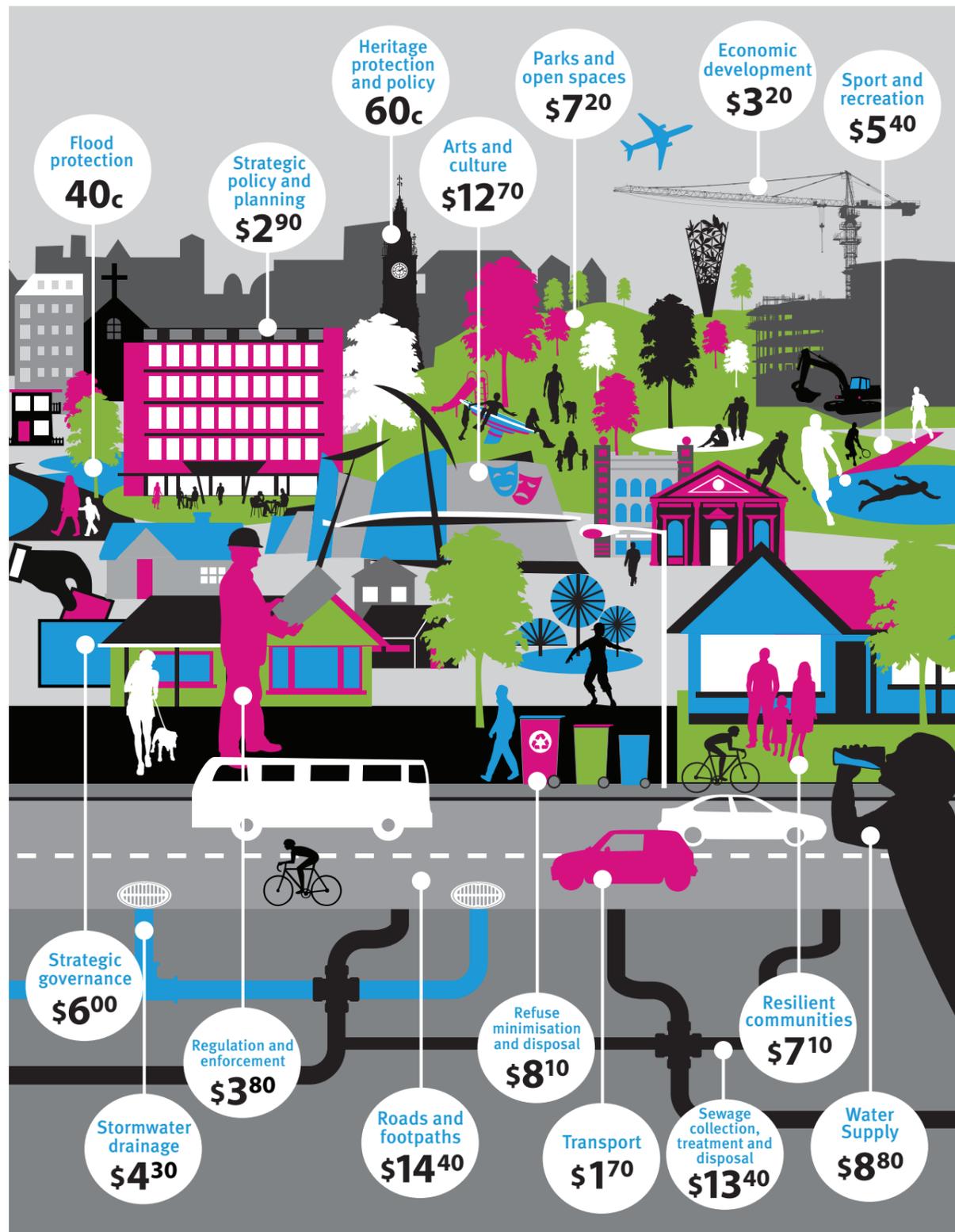


Rate increases 2016–2017

Rateable property value	Standard		Business		Remote rural*	
	\$	% increase	\$	% increase	\$	% increase
\$400K	2,105	+4.7%	2,944	+5.3%	1,198	+5.3%
\$600K	3,017	+5.0%	4,276	+5.4%	1,675	+5.6%
\$800K	3,930	+5.1%	5,608	+5.5%	2,152	+5.9%
\$1m	4,842	+5.1%	6,941	+5.6%	2,629	+6.0%
\$1.5m	7,124	+5.2%	10,271	+5.6%	3,821	+6.2%

* does not include water, sewerage, or drainage rates, but includes part waste minimisation rate. Rural estimates do not include targeted rates for water supply, sewerage and land drainage. Rural properties typically do not pay these rates due to their remote location.

Where do your rates go? Here is how \$100 will be spent in 2016–2017



Your rates

Christchurch ratepayers help provide the physical infrastructure and essential services that keep our city running. Your rates help pay for a safe and reliable water supply, wastewater, roads, waste collection and management and a public transport network.

Rates also help pay for the day-to-day running of the social infrastructure that helps people connect and builds strong, resilient communities, like neighbourhood parks and sports fields, libraries, swimming pools and community meeting places.

We borrow to pay for the capital programme, and use rates to fund day-to-day operational spending. Many of our activities are a mix of capital and operational spending. For example, building a new footpath is capital spending, while repairing a pothole in a footpath is operational spending.

How your rates will be spent in 2016–2017

Group of activities	Cents per dollar of rates	Average residential (rates/week)
Roads and footpaths	14.4c	\$6.37
Sewage collection, treatment and disposal	13.4c	\$5.91
Arts and culture	12.7c	\$5.60
Water supply	8.8c	\$3.88
Refuse minimisation and disposal	8.1c	\$3.57
Parks and open spaces	7.2c	\$3.18
Resilient communities	7.1c	\$3.13
Strategic governance	6.0c	\$2.65
Sport and recreation	5.4c	\$2.38
Stormwater drainage	4.3c	\$1.90
Regulation and enforcement	3.8c	\$1.68
Economic development	3.2c	\$1.41
Strategic policy and planning	2.9c	\$1.28
Transport	1.7c	\$0.75
Heritage protection and policy	0.6c	\$0.26
Flood protection	0.4c	\$0.18
	100c	\$44.13

Balancing the books – changes to fees and charges

We are proposing to change many Council fees and charges in the draft Annual Plan. In most cases, they are going up to cover increased costs or inflation, but would add less than a dollar or two to the amount paid. In other cases, fees are going up to cover the full cost of an individual service, so that other ratepayers are not covering the shortfall. We are also reducing fees where we can.

Some of the major changes are to:

- Reduction of fees for some residential building consents, as there is no on-going need to recover set-up costs for new processes (e.g. from \$3,800 to \$2,500 for buildings over \$500,000 value)
- Consolidation of the range of some charges for venue and park hire (e.g. new \$50 and \$100 fees for the hire of small and large playing fields (respectively), to replace the previous group of eight fees ranging from \$46.50 to \$128)
- New charges for District Plan Certificates (certificates for minimum floor level, infrastructure capacity, and rockfall AIFR)
- A range of new inspections fees for new activities required under the provisions of the Food Act 2014

Changes to income and spending

The main changes from the Long Term Plan 2015–2025 to this Annual Plan are:

- \$190 million decrease in dividends from the proposal to defer \$200 million of capital release. This is offset by an increase of \$9.7 million in dividend and interest revenue, over what was budgeted
- \$10 million less in interest costs
- \$3 million in savings from the Fit for the Future programme
- \$2.9 million less in planned operating costs from the delayed opening of the new Central Library and Hornby Library
- \$166 million reduction in capital expenditure
- \$115 million less in borrowing
- \$150 million increase from funding reserves, from unspent insurance proceeds

Offset by:

- \$4 million to fund Regenerate Christchurch, a new partnership between the Council and Crown to lead regeneration in key areas, including central Christchurch, the residential red zone and New Brighton. The Council has already committed \$5 million to the construction of a hot saltwater pool complex on the New Brighton shore — and is awaiting a business case.
- \$4.3 million more to complete the District Plan Review, of which \$1.4 million can be recovered from the Crown
- \$2 million towards alternative weed control
- \$44.7 million timing difference due to receiving insurance proceeds earlier than expected
- \$4.4 million for increased legal budget

Changes to weed killer use

The Council is thinking about sharply reducing its use of weed killers containing glyphosate, such as Roundup.

We have been reducing agrichemical usage over the past few years and do not use these sprays near playgrounds at present.

The International Agency for Research on Cancer says glyphosate is probably carcinogenic (cancer-causing) to humans.

We propose to limit our use of glyphosate sprays to sites closed to the public or places where no other method is practical, for example in remote parts of regional parks well away from tracks or public areas.

This would see more weeds hand-pulled, controlled with high-pressure steam and natural herbicides or mechanically removed.

This would cost about \$3.81 million a year to manage weeds. With \$2 million already budgeted we would need an extra \$1.8 million, adding 0.45 per cent to rates this year. There is also a set-up cost of \$6.1 million in capital spending over three years.

There are other options, with their own pros and cons:

- **Continuing to use glyphosate:** This will help us manage weeds without any extra cost but brings potential health and safety risks.
- **Completely stop using glyphosate:** This would cost \$3.86 million a year, plus set up costs as above. It would reduce health and safety risks but reduce our ability to manage some weed species especially in remote areas. Other herbicides have an odour, can harm aquatic life and pose a risk of irritation to the operator.
- **Physical removal only:** Removes the risks from using glyphosate and other herbicides. It would seriously reduce our ability to manage some weed species, especially in remote areas. It costs about \$5.54 million a year, adding 0.88 per cent to rates, plus set up costs as above.

Question for you

9. What is your preferred option and why?

Overview of changes to the Long Term Plan 2015–2025

Annual Plan	Financial Overview	Long Term Plan (\$)	Annual Plan (\$)	Variance to LTP (\$)	Amended Long Term Plan (\$)							
2015–2016		2016–2017	2016–2017		2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025
	Funding Summary:											
486,114	Operating expenditure	432,293	443,710	11,417	405,615	407,109	425,494	440,207	457,337	469,486	478,378	489,871
958,208	Capital programme	798,282	632,761	(165,521)	619,950	479,529	370,421	316,443	336,119	346,995	390,186	369,052
7,137	Transfers to reserves	6,414	5,629	(785)	7,250	8,087	8,316	8,848	9,623	10,066	11,145	11,695
78,574	Interest expense	90,979	80,931	(10,048)	89,696	94,776	99,216	105,138	109,518	112,417	119,747	125,196
23,718	Debt repayment	33,398	32,269	(1,129)	55,281	48,375	48,593	55,237	63,609	75,818	92,940	109,945
1,553,751	Total expenditure	1,361,366	1,195,300	(166,066)	1,177,792	1,037,876	952,040	925,873	976,206	1,014,782	1,092,396	1,105,759
	Funded by:											
154,559	Fees, charges and operational subsidies	139,345	134,952	(4,393)	132,095	141,656	151,159	159,255	164,645	169,260	173,646	178,811
277,957	Dividends and interest received	264,194	73,899	(190,295)	281,042	257,853	56,645	57,226	65,223	70,814	75,835	80,391
30,945	Transfers from reserves	20,404	170,220	149,816	5,700	9,358	9,339	9,448	9,375	9,150	9,290	9,432
54,671	Asset sales	8,026	8,003	(23)	5,902	5,835	4,353	502	515	530	545	561
17,231	Development contributions	12,831	13,115	284	18,113	24,262	23,082	24,097	25,537	24,375	23,407	23,352
118,249	Earthquake rebuild recoveries	128,569	122,765	(5,804)	69,546	4,321	3,119	666	683	1,929	5,250	4,827
23,522	Capital grants and subsidies	29,901	29,388	(513)	31,393	20,060	17,824	22,905	32,618	20,221	17,699	18,340
677,134	Total funding available	603,270	552,342	(50,928)	543,791	463,345	265,521	274,099	298,596	296,279	305,672	315,714
876,617	Balance required	758,096	642,958	(115,138)	634,001	574,531	686,519	651,774	677,610	718,503	786,724	790,045
483,855	Borrowing	333,754	218,674	(115,080)	182,992	99,850	182,270	119,847	119,585	133,658	166,400	134,411
392,762	Rates	424,342	424,284	(58)	451,009	474,681	504,249	531,927	558,025	584,845	620,324	655,634
384,357	Rates to be levied on 1 July	419,247	415,132	(4,115)	444,445	469,529	498,986	526,541	552,515	579,203	614,546	649,712
9.25%	Nominal rates increase on 1 July	9.08%	8.01%	-1.07%	7.06%	5.64%	6.27%	5.52%	4.93%	4.83%	6.10%	5.72%
7.98%	Percentage rate increase to existing ratepayers	7.18%	5.00%	-2.18%	5.00%	5.00%	5.62%	4.92%	4.31%	4.09%	5.27%	5.10%



Writing in the sand at
New Brighton beach.

4

Independent Auditor's Report

To the readers of Christchurch City Council's Consultation Document

Independent Auditor's Report on the proposed amendments of the 2015–25 long-term plan

I am the Auditor-General's appointed auditor for Christchurch City Council (the Council). I have audited the information in the consultation document about the proposed amendments of the 2015–25 long-term plan (the long-term plan), using the staff and resources of Audit New Zealand.

We have audited the proposed amendments as described on page 8 of the consultation document.

We completed our audit on 24 March 2016.

Opinion

In our opinion:

- the information in the consultation document about the proposed amendments of the long-term plan provides an effective basis for public participation in the Council's decisions about the proposed amendments, because it:
 - fairly represents the reasons for and implications of the proposed amendments; and
 - identifies and explains the main issues and choices facing the Council and Christchurch, related to the proposed amendments; and
- the information and assumptions underlying the proposed amendments, are reasonable given the uncertainties facing the Council, as explained below.

Emphasis of Matter — Uncertainties remain over the assumptions and underlying information about assets

Without modifying our opinion, we draw your attention to the disclosures on page 13 of the consultation document which outline the uncertainties and risks which may affect the delivery of the Council's long-term plan.

Although the Council's long-term plan has been prepared using the best information that is currently available about its assets, and progress to resolve these uncertainties continues to be made, there remains a significant level of uncertainty related to the estimated costs to repair and rebuild the Council's assets. These uncertainties include:

- the valuation and condition of existing assets;
- the costs to repair earthquake related damage to those assets;
- the levels of service that will be delivered by the repaired assets;
- the timing of the repairs to the assets; and
- the timing and amount of funding which will be used to repair those assets.

As a result, the resolution of these uncertainties could affect the timing and the way that Christchurch City is rebuilt which is outlined in the long-term plan.

In drawing your attention to these uncertainties, we do not comment on the merits of the policy content that they reflect. We consider the disclosures to be adequate.

This opinion does not provide assurance that the forecasts in the long-term plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the long-term plan.

Basis of Opinion

Our audit work was carried out in accordance with the Auditor-General's Auditing Standards and:

- International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information; and
- International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

Our audit work involved assessing the evidence the Council has to support the information and disclosures. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the proposed amendments.

We did not, as part of our audit work, evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Local Government Act 2002 (the Act); and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93D of the Act.

We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality control

In carrying out our audit, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits and assurance engagements, we have no relationship with or interests in the Council or any of its subsidiaries.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



*From the city to the mountains.
June 2015.*

5

Making your submission

Ways to make a submission

The Christchurch City Council would like your feedback on the *Draft Annual Plan and amended Long Term Plan 2015–2025*. There are a number of new ways you can give feedback.

Please make your submission by 10 May 2016.

Written feedback:

 Fill out our online submission form (*preferred option*)

 Fill out the hard copy submission form

 Email your feedback to ccc-plan@ccc.govt.nz

 By letter, post to:

Freepost 178 (no stamp required)
Annual Plan Submissions
Christchurch City Council
PO Box 73017
Christchurch 8156

Or deliver to the Civic Offices at 53 Hereford Street.
(To ensure we receive last-minute submissions on time, please hand deliver them to the Civic Offices)

You need to include these details in your submission:

- Your full name*, postal address*, postcode* and email (**mandatory fields*).
- Whether you are completing the submission for yourself or on behalf of a group or organisation. If it's the latter, please include your organisation's name, your role and signature.

Social media:

Comments can be made through the following channels:

 Fill out our survey on the Council's Facebook page, or

 Go to our Facebook page and include #cccplan in your post

 Twitter. Tweet us your feedback using #cccplan

Be heard in person

 Come and talk to us at a Have Your Say event. These events are a new initiative where you can provide your feedback and be heard by your local elected members.

Have your say events:

Local community board

These events are run by community boards. People can share their views and be heard by the local community board. There will be note-takers to capture feedback, staff available to answer questions and your feedback will be used to develop the local community board submission. Computers will be available to make your own online submission. Your community board will present their submission to the Council on 14 May.

Please register to attend a Have Your Say event, call (03) 941 8999 (0800 800 169 for Banks Peninsula callers) or email ccc-plan@ccc.govt.nz

Citywide councillor event:

All Councillors will be present and they will listen to the conversation and ask questions to clarify any points raised. Computers will be available to make your own online submission.

- Monday 2 May, 9am–12noon, Civic Offices, 53 Hereford Street
- Friday 6 May, 1pm–4pm, Civic Offices, 53 Hereford Street

Last chance session:

A last chance session for people to be heard will be available at Civic Offices, 53 Hereford Street on Saturday 14 May.

Submissions are public information

Subject to the provisions of the Local Government Official Information and Meetings Act 1987, we will make all submissions publicly available, including all contact details you provide on your submission. If you consider there are reasons why your contact details and/or submission should be kept confidential, please contact the Council, phone (03) 941 8999 or 0800 800 169.

Submission form

Draft Annual Plan 2016–2017 and amended Long Term Plan 2015–2025

Questions to think about when making your submission:

Financial strategy

Questions 1 and 2 are about the financial strategy. For more information, please refer to pages 8–15 of the consultation document or visit ccc.govt.nz/annualplan

- Do you agree or disagree with the proposal to rephrase the capital programme, and the changes this makes to the financial strategy (lower than anticipated rate increase, more practical timeframes for big projects)? If you disagree, what approach do you prefer?
- Do you agree or disagree with the proposed approach to capital release? If you disagree, which option do you prefer?

Capital programme

Questions 3 to 8 are about the capital programme. For more information, please refer to pages 16–25 of the consultation document or visit ccc.govt.nz/annualplan

- Do you agree or disagree with the proposed priorities for the capital programme?

4. Some residents have been without basic services such as footpaths for five years. We want to prioritise work in areas with a legacy of earthquake damage. Do you agree or disagree with this approach?

5. Do you have suggestions about how we could deliver our capital programme in a more timely and efficient manner?

6. Do you have any ideas for new ways we can work to deliver the facilities our community needs?

7. Do you have any projects you would like the Council to prioritise?

8. What trade-offs would you support if we were to speed up some areas of work?

Weed killer use

Questions 9 is about weed killer use. For more information, please refer to page 33 of the consultation document or visit ccc.govt.nz/annualplan

- What is your preferred option and why?

Your details

*Your full name _____

*Postal address _____

*Postcode _____

Email _____

*Mandatory fields

I am completing this submission:

For myself or On behalf of a group or organisation (*please tick one*)

If you are representing a group or organisation, how many people do you represent? _____

Organisation name _____

Your role in the organisation _____

Signature _____ Date _____

Christchurch
City Council 

