JUNE 2020

Christchurch Ōtautahi

Our Updated Draft **Annual Plan**

2020/21

Consultation Document

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Christchurch City Council

Draft Annual Plan 2020/21
Consultation Document
Christchurch Ōtautahi

For the period 1 July 2020 to 30 June 2021.
Adopted on 11 June 2020 for public consultation from 12 - 29 June 2020

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ISBN 978-1-877313-90-5

Cautionary note

The forecast financial statements in the Draft Annual Plan 2020/21 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 the Draft Annual Plan is to inform the community on the spending priorities outlined within the plan, and may not be appropriate for any other purpose.

What is an Annual Plan?

Like all local councils, we prepare a Long Term Plan (LTP), including a 30-year infrastructure strategy and financial strategy every three years, which outlines what we plan to achieve over the next 10 years, and how we'll fund that. Our last LTP covers 2018–2028.

In the years between long term plans we must prepare and adopt an annual plan for each financial year that sets out any changes to what we want to achieve or funding for the year ahead.

An Annual Plan has two main purposes:

1 - It sets out our budget for the next financial year, providing information about how much our activities will cost and how they'll be funded, including the setting of rates.

2 - It highlights any key changes from the Long Term Plan for that year.

This Draft Annual Plan covers financial year 3 of the LTP, from 1 July 2020 to 30 June 2021. It has been updated to reflect the impact that the COVID-19 pandemic and the Level 4 lockdown have had on Council's financial position, and replaces the Draft Annual Plan that was adopted by the Council on 11 February 2020 and went out for public consultation from 24 February to 9 April 2020.

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Christchurch City Council

Mayor's introduction

The world has changed since I wrote the introduction to our Draft Annual Plan 2020-21 just four months ago. It has been very hard to bring down the level of a proposed rates' increase to an average of 1.81 per cent for residential properties and an average of 3.5 per cent across all ratepayers. Back then, we were proposing an average increase of 2.74 per cent for residential properties and 4.65 per cent overall.

We had to rethink our budget in light of the impacts of the COVID-19 crisis, and that's why we have produced a re-draft and are inviting feedback from our residents, landowners and business operators, who contribute to the city's finances through rates.

We know the impacts that the pandemic has had on many businesses and residents, and we are aware that there are particular types of businesses that have been very hard hit. The Council has also taken a hit financially with reduced revenue and lower than expected dividends.

In reworking our Plan, we have looked at how we can make savings without adding significantly to the pressure on our ratepayers.

Our revised Plan takes into account the current environment.

To get to this proposed level, we have reprioritised our capital programme for next year to a cap of $400 million, plus $117 million for the Metro Sports Facility and the Multi-Use Arena.

We have proposed to reduce our operational spending by $23 million and increase our borrowing by $102 million.

We have highlighted some of the changes where your feedback would be particularly helpful. The one-off boost to the Strengthening Communities Fund is designed to offer a buffer for the community groups and organisations who are struggling to survive financially while the demand for their services has increased.

We also need your feedback on resuming our use of weed killers containing glyphosate – you will recall when we changed this. However the alternative methods of controlling weeds have not proven to be as effective or cost efficient as we thought they might be when we first consulted.

There has been publicity about introducing an excess water use charge to the top 20 per cent of residential users. This is also not a straightforward issue, because of the way we allocate usage across households given the rating system which is based on capital values. The real issue is how we get people to conserve water in summer months to reduce the pressure this puts on our infrastructure. That however is an LTP issue, not an annual plan amendment. So, this is a step towards the bigger conversation we will need to have next year.

We are seeking your feedback on two other options with proposed average rates' increases of 4.65 per cent and 5.5 per cent – these propose lower levels of borrowing.

Some of you will question why we have not put forward a zero per cent rates' increase option. We would if we could, but it isn't possible to make the extent of service and operational cuts this would require in an annual plan.

Apart from anything else, the savings required would have a significant impact on our levels of service and would trigger an amendment to the Long Term Plan (LTP).

We would need to shut facilities or significantly reduce hours, reduce or stop some services, and cut a large proportion of our capital projects.

In this context it's important to remember that the Council is a significant purchaser of goods and services from local businesses and provides an important pipeline of work for construction and contracting companies. If we turn off the tap, the flow on impact would be enormous, leading to more job losses, serious economic hardship and damage to our recovery.

It would also put us out of step with the Government's approach to the country's post-COVID recovery, which is to support employment and continue to build infrastructure.

It is critical that we support our city's recovery without putting too much added pressure on our residents and businesses. Getting that balance right is the challenge of this budget.

We have a short window to receive your feedback and would welcome your practical suggestions for how we can support our city's recovery and keep the pressure off rates' increases, while still delivering the required levels of service.

In the meantime, the organisation will continue to look for savings and ways of reducing the costs that impact on rates

And as I said in the original draft, it is the LTP next year that gives us the chance to get under the lid of the whole plan, with our Chief Executive proposing a 'root and branch' review of the budget itself.

We look forward to hearing from you.

Lianne Dalziel
Mayor of Christchurch

From the Chief Executive

It is my pleasure to bring you our revised Draft Annual Plan 2020/21.

Some of you reading this document will have submitted on the initial Draft Annual Plan 2020/21 that we signed off in February this year. Since then, the Council has been hit hard financially by the COVID-19 pandemic. We are facing a $33.3 million deficit to the end of the current financial year as a result of lost revenue, additional costs and a reduced dividend from Christchurch City Holdings Limited. Looking ahead, we are forecasting a deficit of $50.5 million for 2020/21.

We recognised that we had to revise our budgets, and reduce the average rates' increase of 4.65 per cent proposed in our initial Draft Annual Plan given the gravity of the situation that the organisation and our ratepayers are facing. The revised Plan reflects the very different financial position and social and economic environment we are now in as a result of the COVID-19 pandemic.

From the outset, we were clear that we did not want to make significant changes to the levels of service set in the 2018/19 Long Term Plan, which could not have been changed without triggering an amended Long Term Plan process. The 3.5 per cent option we are recommending does not trigger this process. It keeps the average residential rates' increase at 1.81 per cent, business at 3.11 per cent and remote rural at 4.72 per cent. For an average house with a value of $508,608, the proposed increase is an extra $50.37 a year or $0.97 a week.

We are also consulting on two other options with proposed rates' increases of 5.5 per cent and 4.65 per cent.

To get to the recommended 3.5 per cent rates' increase we have capped spending on deliverable capital projects at $400 million and set aside $117 million for the Metro Sports Facility and the Canterbury Multi-Use Arena. We have reduced our operational spending by $23 million and increased our borrowing requirement by $80 million in 2020/21 to cover the projected 2019/20 $33 million deficit, and $47 million of the 2020/21 planned operating deficit. We intend to borrow a further $22 million in 2021/21 making a total of $102 million.

In determining the saving we could action, it was useful to be able to factor in the findings of our annual Christchurch Residents' Survey, which show that people expect a certain standard of service from the Council and that we need to continue to invest in core infrastructure such as roads and water. We have been very mindful of balancing the need to maintain levels of service for the city's residents with the need to reduce costs to reflect our post-COVID-19 economic environment.

The operational savings put forward in the recommended budget option have been achieved through finding efficiencies across the organisation and implementing new measures such as a recruitment and proposed wage freeze, reduced use of consultants and contractors and savings to staff travel and training. We are also proposing a return to the use of glyphosate weed killer and introducing excess water usage charges for the top 20 per cent of residential users.

To reduce our spend on capital projects, we have gone through our capital programme and identified the projects that could be deferred to a later date. The preparatory work already underway on our next LTP positioned us well for revising our Annual Plan. At all levels we need to be clear about what our essential services are and deliver these efficiently, while demonstrating value for money.

We now want to hear from you, our residents, about what your priorities are for the city in these challenging times. We are faced with some tough choices and we'll have to make some difficult decisions in the coming months. Your feedback on this Plan will help shape the services and projects we deliver as we support our city in its economic recovery.

D.T. Baxendale

Our current situation

In February 2020 the Council adopted a Draft Annual Plan for consultation which contained a proposed rates' increase of 4.65 per cent. We were on track to reduce that rates' increase to 4.33 per cent as a result of savings being identified and growth in our rating base.

However, the COVID-19 crisis and the Level 4 lockdown have had, and continue to have, a significant impact on our financial position. This includes a significant loss of revenue from the closure of many of our facilities during the lockdown, as well as a major loss of dividends from Christchurch City Holdings Limited (CCHL) which includes the Christchurch International Airport and Lyttelton Port of Christchurch.

We use our revenue and dividends to keep our rates' increases at a reasonable level. This lost income is creating an unprecedented shortfall in our finances and, if we don't address it now, it will result in a rates' increase of more than 20 per cent in the 2020/2021 Annual Plan.

To get back to the 4.65 per cent rates' increase proposed in our Draft Annual Plan, we need to find $88.8 million in savings. If we want the rates' increase to be less than that, we need to find even more savings.

The level of change necessary to achieve the savings we now require means we need to re-consult on our Draft Annual Plan.

	Rates impact
Draft Original Annual Plan (February)	4.65%

	$m impact	Rates impact
Post Draft (pre COVID-19) position (March)		4.33%
2020 COVID-19 impact *(Council $7m, CCHL dividend $26.3m)*	$33.3m	6.2%
2021 COVID-19 impact *(Council $15m, CCHL dividend $35.5m)*	$50.5m	9.5%
EcoCentral additional processing fee	$3.8m	0.72%
Additional Holiday Pay liability ($2.9m)	$2.9m	0.55%
TOTAL		**21.3%**

The options

There is no simple solution to address our current financial situation. We have to look at a selection of 'levers' available to the Council – cost efficiencies to reduce operating expenditure, reprioritising the capital works programme, using debt, and extending support to ratepayers in need. We need to support the city's recovery without putting too much added financial pressure on our residents and businesses. Getting this balance right is the challenge of this Annual Plan, and the Long Term Plan to follow in 2021.

We have identified three options that, to varying extents, attempt to create this balance. All three options have the same savings on our operational expenditure for year 2020/21 (though the required savings do change for each option in future years). All options have the same level of spending on our capital programme. The main differences lie in the level of borrowing in 2020/21 to compensate for lost revenue, and therefore the longer term level of debt and reduced flexibility that we are prepared to accept (and the risks associated with this). In all options, any COVID-19 related borrowing is proposed to be repaid over five years so as not to place an unfair burden on future generations.

Option 1

An overall average rates' increase of 3.5 per cent.

This is our recommended option. We believe this is the best balance of the levers available to us, while still reducing rates below the level set in the February 2020 version of the Draft Annual Plan.

It includes $23 million in savings on our operational expenditure in 2020–21, some of which offsets additional non-COVID-19 related costs we have been faced with since the original Draft Annual Plan 2020/21. Operational expenditure covers things like the operation of our facilities, the services we offer, and the level of maintenance we deliver. We can achieve these savings without having to trigger an amended Long Term Plan because they aren't a major change from what we've already proposed. However, it will mean some changes to our levels of service. You can read more about these changes to our levels of service from page 73 of the Draft Annual Plan.

This option caps our capital expenditure programme at $400 million – an amount we can realistically deliver – plus $117 million for the Metro Sports Facility and the Canterbury Multi-Use Area.

It includes borrowing over the next two years of $102 million which keeps our ratio of debt to revenue manageable at 239 per cent and means we retain sufficient financial flexibility ($398 million headroom) in the event of a future major event such as a natural disaster.

A note about our debt to revenue ratio, and what this means

Councils often use debt to fund long-term infrastructure. As future generations will also enjoy the benefit of that infrastructure, it makes sense to spread payment across future ratepayers rather than rate for it over current ratepayers only.

The Local Government Funding Agency (LGFA) provides cost-effective funding to a wide range of New Zealand's local authorities. To manage debt in a prudent way, the LGFA maintains a ceiling ratio of 250 per cent net debt to revenue. We have always preferred to stay below 250 per cent to give ourselves some financial 'headroom' so we can borrow if needed in the event of a natural disaster or other major event. Councils must be able to meet 40 per cent (estimated at up to $400 million) of the cost of reinstating below-ground assets before they can access Crown contributions (60 per cent), which is why we need to keep this financial headroom.

At a special general meeting on 30 June 2020, the LGFA will recommend to its shareholders that the net debt-to-revenue ratio is extended to 280 per cent. In proposing the 3.5 per cent rate increase option, we have assumed this ratio will be extended.

What this means:

- For an **average house** (CV of $508,608) – **1.81 per cent** rates' increase
- For an **average business** (CV of $1,858,572) – **3.11 per cent** rates' increase
- For an **average remote rural property** (CV of $1,039,580) – **4.72 per cent** rates' increase

Read more about what this rates' increase would mean for your property on page 28 of this consultation document.

Option 2

An overall average rates' increase of 5.5 per cent.

As the Local Government Funding Agency decision on whether to extend the net debt-to-revenue ratio to 280 per cent will happen after our consultation has closed, we are required to include an option using the 250 per cent ratio limit. Under this option, with borrowing of $88 million, the proposed peak ratio in 2026 would be 228 per cent. The peak is consistent with what was signalled in the Long Term Plan Financial Strategy which recognises that under a 250 per cent ratio limit we would not have the financial flexibility, or 'headroom' to respond fully to a future major event until the mid-2030s. To maintain headroom at Long Term Plan levels under the 250 per cent ratio limit would require an average rates' increase of 5.5 per cent.

This option includes $23 million in savings on our operational expenditure in 2020/21 and caps our capital expenditure programme at $400 million (plus $117 million for the Metro Sports Facility and the Canterbury Multi-Use Area). It will also mean some changes to our levels of service.

What this means:

- For an **average house** (CV of $508,608) – **3.62 per cent** rates' increase
- For an **average business** (CV of $1,858,572) – **5.54 per cent** rates' increase
- For an **average remote rural property** (CV of $1,039,580) – **7.37 per cent** rates' increase

Read more about what this rates' increase would mean for your property on page 30 of this consultation document.

Option 3

An overall average rates' increase of 4.65 per cent.

If we were to retain the 4.65 per cent average rates' increase proposed in our original Draft Annual Plan, we would not have to borrow as much. Furthermore, with borrowing of $96 million, our debt-to-revenue ratio would be at 232 per cent, with $460 million headroom. This option includes $23 million in savings on our operational expenditure in 2020/21 and caps our capital expenditure programme at $400 million (plus $117 million for the Metro Sports Facility and the Canterbury Multi-Use Area). It will mean some changes to our levels of service.

What this means:

- For an **average house** (CV of $508,608) – **2.85 per cent** rates' increase
- For an **average business** (CV of $1,858,572) – **4.51 per cent** rates' increase
- For an **average remote rural property** (CV of $1,039,580) – **6.25 per cent** rates' increase

Read more about what this rates' increase would mean for your property on page 32 of this consultation document.

Note: You will notice a slight change from the proposed 4.65 per cent rates' increase in the original Draft Annual Plan consultation document. This change is mostly as a result of an increase in the waste minimisation charge.

$m	Option 1 (280% LGFA Covenant)	Option 2 (250% LGFA Covenant) (Legally required)	Option 3 (280% LGFA Covenant)
Rates' increase	3.5%	5.5%	4.65%
Extra borrowings *(post COVID)*	102	88	96
Debt ratio *(2026 peak)*	239%	228%	232%
Headroom *(2026 peak)*	398	216	460
Opex savings 2021	23	23	23
Capex	517	517	517

Options that were considered and not progressed

A rates' increase higher than 5.5 per cent.

If we were to introduce a rates' increase of more than 5.5 per cent we would greatly reduce the level of borrowing we would need to do. We would not breach the 250 per cent or the 280 per cent debt to revenue ratio and we would have good financial headroom to respond to a major event before accessing any Crown contribution. However, given the short and medium term economic climate, and the impact this option would have on individuals and businesses, this level of rates' increase was considered to be unacceptable.

A 2.99 per cent rates' increase.

A 2.99 per cent rates' increase would include $23 million in operational savings for the 2020/21 year and would cap our capital programme at $400 million (plus $117 million for the Metro Sports Facility and the Canterbury Multi-Use Area). However, we would need to borrow more which would mean our debt to revenue ratio would rise to 241 per cent. If we assume the debt to revenue ratio is extended to 280 per cent, our headroom would be only $369 million and we would extend more significantly into the $400 million headroom we need to maintain in order to access the Crown contribution towards a future major event. If our debt to revenue ratio stays at 250 per cent we would be very close to breaching our limits and would have little to no ability to access the Crown contribution. This would not be a financially responsible decision and is therefore not recommended.

We also want to take an approach that supports those genuinely struggling to pay – as we are doing with our rates payment deferrals and the reduction of late payment penalty fees – rather than reduce rates across the board. An overall reduction in rates' increases inevitably includes a large number of people who can afford to pay for the services they receive.

A zero per cent rates' increase

A zero per cent rates' increase would severely impact on the services and projects we deliver. Even with borrowing of $102 million, it would mean finding an additional $18.5 million of permanent savings over and above the $23 million that has been incorporated.

This would have a significant impact on both our levels of service, and our capital projects, triggering an amended LTP process.

It would also not align with the government's approach to the country's recovery, which is to support employment and continue to build infrastructure. Local Government New Zealand, which represents New Zealand's 78 local councils, has cautioned against rates freezes, with the LGNZ President Dave Cull on record as saying that this would have "the potential to put the brakes on economic recovery."

With this option we would be close to breaching the debt to revenue ratio of 280 per cent, and we would breach it if it remains at 250 per cent. This means we would have little to no ability to meet our requirements in order to access any Crown contribution towards a future major event.

We also want to take an approach that supports those genuinely struggling to pay – as we are doing with our rates payment deferrals and the reduction of late payment penalty fees – rather than reduce rates across the board. An overall reduction in rates' increases inevitably includes a large number of people who can afford to pay for the services they receive.

The risks associated with a zero rates' increase and the significant impact it would have on our levels of service and capital projects were considered too great to proceed with this option.

Rates relief

We are very conscious of the financial stress that many ratepayers in our city are under, so we are continuing our rates payment extension for those genuinely in need. Initially we were offering an extension of time to pay Rates Instalment 4, but now we are extending this support to include all four rates instalments for 2020/21 and giving people until June 2022 to catch up with payments without having to pay penalties. We are also keen to work with people to set up rates payment plans, to help make repayments more manageable.

You can find out more about eligibility and how to apply for a rates payment extension at:

ccc.govt.nz/services/rates-and-valuations/ratesextension

Late payment penalties reduced

We intend to reduce the late payment penalty for rates from 10 per cent to 7 per cent. While legislation allows for penalties up to 10 per cent, we think a lower penalty rate can be set because of New Zealand's current low interest rate environment.

We plan to do the same for arrears penalties. Arrears penalties are imposed in early October and early April each rating year on amounts still unpaid from previous rating years. Penalties are set to encourage ratepayers to pay on time but should not be excessive.

Excess water use charge for households

We're proposing charging an excess water use targeted rate for households that use significantly more water than the average household. This excess charge would apply if a household used more than 333,000 litres per year or more than the water allowance paid for through its rates, whichever is greater.

We charge for the delivery of water, rather than for the water itself, based on the capital value of a property. We're aware that how we charge residents for this service needs a wider discussion. We aren't able to do that as part of this Draft Annual Plan, but it's something we'll be looking at for next year's Long Term Plan.

Christchurch's water use in summer is approximately double that in winter. This is mostly due to people watering their lawns and gardens. As there is no cost to residents for doing this, and there are practical difficulties in enforcing water restrictions, we have to appeal to people's goodwill to reduce their water use during peak periods.

Charging for excess water use would help us manage our demand better, give us a more secure water supply, and reduce our pumping costs over summer. It would also mean, long term, we wouldn't need to spend as much money on expanding our water supply network just to cater for the highest users, and it would improve the sustainability of our water supply.

Property owners pay for a water supply allowance via a targeted rate based on the capital value of their property. Commercial users also pay a targeted rate based on the capital value of their property, but then pay a fixed targeted rate ($1.05 per 1,000 litres) if they exceed their property's allowance. We're proposing charging high residential water users on the same basis as commercial users. This means properties placing an unusually high demand on the water supply network contribute to the extra cost of supplying them with water.

The proposed charge for the excess water use targeted rate in 2020/21 is a fixed $1.05 per 1,000 litres, with the household charge applying only to water use in excess of 333,000 litres per year. The charge would initially affect about 20,000 properties and bring in revenue of approximately $2 million to the Council in the first year. Over time, fewer properties could be affected if high-use households reduce their water use.

Did you know?

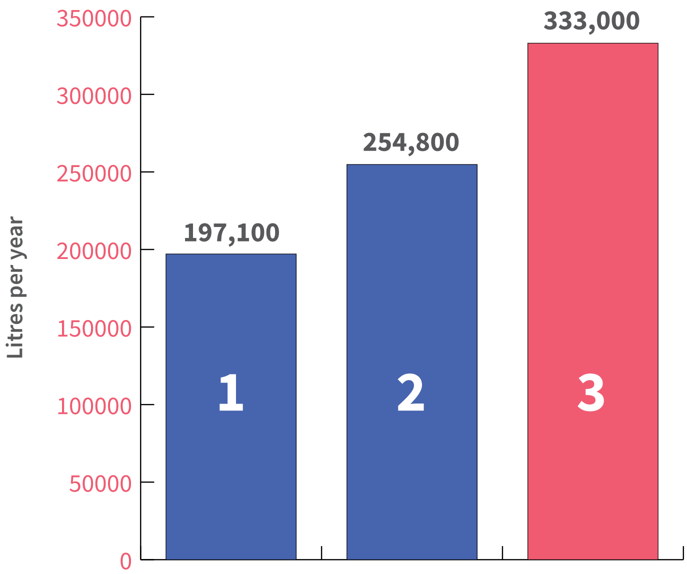
The top 20 per cent of household water users in Christchurch use half of the total residential water supplied to the city.

How much water does an 'average' household use?

In Christchurch, the average household uses 540 litres per day (197,100 litres per year). We have the highest household water use of all the larger cities in New Zealand. As a guide, if you were to take seven baths, you would use roughly 540 litres of water.

Average household use means the use of water for domestic purposes, including washing down a car or boat, garden watering by hand, or using a fixed or moveable garden sprinkler.

The proposed charge for the excess water use targeted rate would only apply to those households that use significantly more water than the average Christchurch household – more than 915 litres per day (at least 333,000 litres per year).



Putting it in perspective

1. Average household water use in Christchurch
2. Minimum water allowance paid for through a property's rates
3. Minimum water use that would trigger the proposed targeted rate

Would properties with a lower capital value be unfairly affected?

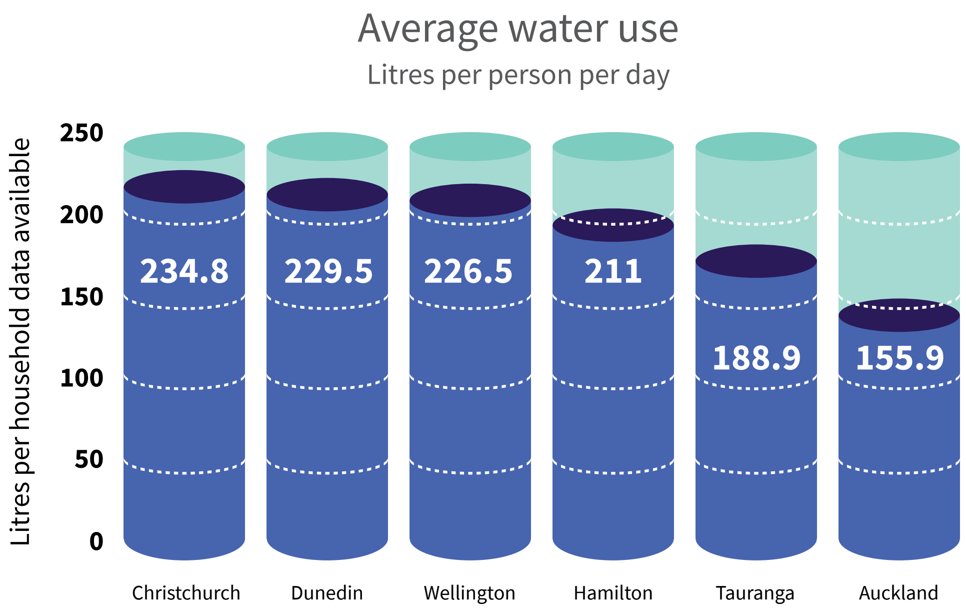
No, because all properties with a capital value (CV) below $420,000 are already given a daily water allowance of 698 litres per day, which is paid for through the property's rates. This is the lowest water allowance provided for and is already higher than the average Christchurch household use of 540 litres per day. As an example, it means a property with a CV of $250,000 pays less for its 698-litres-per-day allowance than a property with a CV of $350,000. As a property's CV increases above $420,000, so does its water allowance and the amount the property pays, via its rates, for this higher allowance.

A property with a lower CV and a minimum water allowance of 698 litres per day would still need to use more than 915 litres per day for a whole year (at least 333,000 litres) before the proposed excess water use targeted rate came into effect. Remember, the average daily household use in Christchurch is 540 litres, so a property would need to be using significantly more water than the average household to trigger the excess charge.

A property with a higher CV and a higher water allowance (already above 915 litres per day) would be charged as soon as it went over its annual allowance by 1,000 litres.

There would be some exemptions to the proposed excess water use targeted rate, such as:

- Households where excess water use was considered ordinary based on the number of people in the house.
- Water use for medical purposes.
- Multiple properties served by a single water meter.



How would the charging work?

We'd first identify those households with a historical water use greater than 333,000 litres per year. We'd then read their water meters quarterly – at the beginning of July, October, January and April – and assess their current water use against their water allowance paid for through their rates. A household wouldn't be charged in a quarter if its water use was under allowance for that quarter.

Crunching the numbers

The proposed excess water use targeted rate would apply to whichever water use is greater for a household:

- Water use is more than 333,000 litres per year.
- Water use is more than the annual water allowance paid for through the household's rates.

Examples

A) A household that pays a rate for a water allowance of 275,000 litres per year uses a total of 295,000 litres in a year.

Charge: No charge, because the household hasn't used more than 333,000 litres.

B) A household that pays a rate for a water allowance of 425,000 litres per year uses a total of 450,000 litres in a year.

Charge: $26.25, because the household has used 25,000 litres more than its allowance paid for through its rates, and this allowance is already greater than 333,000 litres per year. The charge is $1.05 per extra 1,000 litres, so 25,000 extra litres is equal to 25 x $1.05, a total charge of $26.25.

What do you think?

We're proposing to introduce an excess water use targeted rate for residents who use more than 333,000 litres a year, in order to help us manage our demand better, give us a more secure water supply, reduce our pumping costs over summer, and create approximately $2 million of additional revenue. If we don't bring in this charge, there will be an additional 0.3 per cent increase in rates.
Let us know what you think at:

ccc.govt.nz/annualplan

Increasing our use of weed killers containing glyphosate

We're proposing to increase our usage of weed killers containing glyphosate, such as Roundup. This will create a saving of $3.5 million a year.

Glyphosate substances are perhaps the most common herbicide in New Zealand and world-wide. It's a broad-spectrum herbicide that works by inhibiting an enzyme found in plants.

The Environmental Protection Authority has approved glyphosate for use in New Zealand. The Authority commissioned a report in 2016 which concluded that glyphosate is unlikely to be carcinogenic to humans or genotoxic (damaging to genetic material or DNA) and should not be classified as a mutagen or carcinogen under the HSNO Act. The Authority's recommendation is to follow the label instructions as these are designed to reduce human exposure to the product and to protect the environment.

We consulted on our glyphosate use in the Draft Annual Plan 2016/17 and amended Long Term plan 2015/25. At that time a decision was made to reduce our usage and increase other methods of weed control, such as high-pressure steam, natural herbicides and hand-pulling.

However, we have increasingly discovered the issues and limitations of these methods in controlling weeds. For example, the alternative organic fatty acid herbicides can't be used near drains or waterways as they are toxic to aquatic life. Non-chemical technology such as high pressure steam can take longer to apply, and can require more applications before it's successful. Hand-pulling is not an efficient way of managing some weed species, especially in remote areas. Given that it is costing us more to use methods which are not as effective in some areas, we are now proposing to return to using glyphosate more regularly.

We understand that our proposal to return to using glyphosate will be a concern to some people. However, for context it's useful to understand our current protocols around spraying:

- We don't spray any weed control products in, or around playgrounds.
- We apply spray using a gun or wand, to make sure we are targeting very specific areas.
- We put signage up in all parks and public areas when we are spraying, to let people know.
- All staff who spray have to be qualified, and are required to wear the protective gear as specified by the product manufacturer.
- Staff have to carry spill kits and safety data sheets with them when they are out spraying.
- We maintain a no-spray register for properties who border onto parks and have let us know they don't want us to spray on the boundary of their property.

What do you think?

We are proposing to return to using weed killers containing glyphosate as this will create a saving of $3.5 million a year. If we keep using other methods of weed control, there will be an additional 0.66 per cent increase in rates. Let us know what you think at **ccc.govt.nz/annualplan**

One-off boost to the Strengthening Communities Fund

We are considering a one-off boost of 5 per cent ($360,000) to the Strengthening Communities Fund in 2020/21 to acknowledge the challenges faced by community organisations as a result of the COVID-19 crisis and Level 4 lockdown.

The purpose of the Strengthening Communities Fund is to support community-focused organisations whose projects contribute to the strengthening of community wellbeing in the Christchurch city area. The Fund was established in 2008 and each year distributes $7.2 million. Last year the Fund received 951 applications, with 763 community organisations subsequently receiving a grant.

We acknowledge the very important role that community organisations play in making this city a great place to live, work and play, and difficulties many will be facing at this time. A one-off boost to the funding available is one way we can help support these organisations to continue to do their work.

What do you think?

We are considering a one-off 5 per cent ($360,000) boost to the Strengthening Communities Fund to acknowledge the challenges faced by community organisations as a result of the COVID-19 crisis and Level 4 lockdown.

If we introduce this boost in funding, there will be an additional 0.07 per cent increase in rates. Let us know what you think at **ccc.govt.nz/annualplan**

Proposed changes to spending, revenue and borrowing

Spending

Operational expenditure of $494.7 million is $17.7 million below the level in the original Draft Annual Plan 2020/21.

New additional costs of $6.7 million include:

- A further increase in EcoCentral Recycling's annual processing fee of $3.8 million through to 2024 to allow time to develop a long term solution for dealing with those recyclable materials that can no longer be shipped to offshore markets ($8.8 million in total).
- A further increase in funding of $2.9 million to address potential Holiday Pay liability costs from our changed interpretation of the NZ Holidays Act 2003 ($8.5 million in total).

Savings include:

- A reduction in weed control cost from a return to using glyphosate ($3.5million).
- A reduction in grants to ChristchurchNZ and Heritage ($1.8 million).
- A reduction in salary and wages by not filling vacancies and reducing annual increases ($5 million).
- A reduction in external consulting budgets ($3.3 million).
- A reduction in maintenance to essential work only ($2.6 million).
- A 70 per cent reduction in training and travel for staff and elected members ($1.6 million).
- Ceasing funding for Regenerate Christchurch ($1.0 million).
- A further reduction on Heathcote River dredging, ($1.0 million, $2.6 million in total).

Operational expenditure for 2020/21 is $1.8 million lower than the LTP with savings more than offsetting the cost increases we've experienced since the LTP was produced. Interest expense costs are also $21.6 million lower than the LTP, largely due to falling interest rates. This is partly offset by a drop in interest revenue of $13 million.

Revenue

Our total revenue excluding rates of $237.3 million is $63.4 million lower than that in the original Draft Annual Plan.

The main revenue changes from the original Draft Annual Plan are:

- A reduction in CCHL dividend ($35.5 million).
- Expected reduced revenue from facilities, parking, infringement fees, subvention credits and other sources ($15 million).
- A reduction in the Waka Kotahi NZ Transport Agency subsidy as a result of changes in the capital programme ($23 million).
- A reduction in interest revenue ($3.4 million).
- Reduced rates penalty revenue as a result of reducing the penalty rate from 10 per cent to 7 per cent ($1.2 million).

This is partially offset by:

- Additional capital grants revenue from the Christchurch Earthquake Appeal Trust ($12.7 million)

Our total revenue for 2020/21 is $70 million lower than indicated in the LTP. Other than the changes above, the original Draft Annual Plan signalled additional revenue from the Crown (for the Canterbury Multi-Use Arena) and Waka Kotahi NZ Transport Authority subsidies, offset by lower interest revenue, consent volumes and trade waste revenues.

Borrowing

As a result of COVID-19 we are taking the unusual step of borrowing for some of the COVID-19 impact on dividends and revenues. Our intention is to repay these borrowings over five years.

Since the previous Draft Annual Plan we have received significant Crown funding in relation to the Christchurch Regeneration Acceleration Fund (CRAF). The CRAF funds are for developing the Green Spine through the Ōtākaro Avon River Corridor red zone and for improving roads and footpaths, safety initiatives, and bus priority measures on key public transport routes which will occur over a number of years. We also undertook borrowing in April in anticipation of reduced dividend revenue from CCHL.

This Draft Annual Plan includes new borrowing in 2020/21 of $217.8 million. This new borrowing is $29.7 million lower than the previous Draft Annual Plan of $247.5 million and $98.5 million lower than the planned LTP borrowing for 2020/21, with both reflecting increased funds available on hand.

Financial Risk Management Strategy

There are no changes to our Council policies to assist in managing its financial risk, including liquidity and funding risk management, interest rate exposure and counterparty credit risk. We anticipate that we will stay well within our key financial ratio limits for 2020/21.

As was the case in the original Draft Annual Plan, two benchmarks will not be met in this Draft Annual Plan. The balanced budget benchmark which will reduce from 98 per cent to 90 per cent due to the significant drop in revenue as a result of COVID-19, and the Debt Servicing benchmark which will increase from 10.6 per cent to 11.7 per cent for the same reason. The seriousness of these breaches is regarded as low and short term. There is no concern around the Council's ability to service its debt.

We are now within the Rates affordability (income) benchmark, which was slightly exceeded in the original Draft Annual Plan.

You can find out more information about all of these proposed changes to our spending, revenue and borrowing from page 6 of the Draft Annual Plan: **ccc.govt.nz/annualplan**

Proposed changes to fees and charges

In the previous Draft Annual Plan we identified some changes to Council fees and charges. In most cases they add less than a dollar or two to the amount paid, and reflect increased costs or inflation. In some cases fees are going up to cover the full cost of an individual service, or are for a new service.

There is now one additional change – the building warrant of fitness fee structure is changing from $250 (in 2019/20) to a lower fixed charge with additional charges depending on the type of building. More complex buildings will pay more, and less complex buildings will pay less. There will be little change in the overall revenue collected – instead, this change brings the fee structure into line with Council costs.

You can find out more information about all of these proposed changes to our fees and charges from page 137 of the Draft Annual Plan: **ccc.govt.nz/annualplan**

Proposed changes to levels of service

All councils are required to include performance standards, or 'levels of service' in their Long Term Plans. These are the services we are expected to deliver, as your Council.

There are a number of changes to levels of service arising from COVID-19 impacts and the need to reduce budgets. However, none of these are significant, or affect significant activities or services we provide.

You can find out more information about all of these proposed changes to our levels of service from page 73 of the Draft Annual Plan: **ccc.govt.nz/annualplan**

Proposed changes to the capital programme

We plan to invest $517 million in the capital programme in 2020/21. We've used historical data on what we've delivered in previous years to make realistic decisions about what we can achieve, and have therefore capped our programme at $400 million, plus we have set aside $117 million for the Metro Sports Facility and the Canterbury Multi-Use Arena.

We've taken a really close look at our capital works programme, to make sure it delivers what our residents want. We've made savings where we can by prioritising projects that are already well committed, or where we receive external funding.

We've also focused on what we are confident we can deliver in the time we say we will. We have reprioritised the capital programme by $168.2 million by deferring works to later years. We estimate $107.5 million of continuing 2019/20 works being delivered in 2020/21 and this forms part of the $517 million capped programme 2020/21 programme. The changes on the reprioritised projects largely reflects the delays resulting from the COVID-19 lockdown, along with reforecasting project cash flows to match realistic delivery timeframes.

Since the original 2020/21 Draft Annual Plan was released we have confirmed funding agreements with the Crown and the Christchurch Earthquake Appeal Trust to deliver regeneration works in the city. The planned spend for these projects in 2020/21 is:

Ōtākaro Avon River Corridor ($12.7 million)

Canterbury Multi-Use Arena Site Decontamination ($10 million)

Capital Regeneration Acceleration Fund (CRAF) programme (Roads and Footpaths) $0.8 million, with the remaining $5.9 million to be spent in future years

Performing Arts Precinct Site Decontamination ($1.5 million)

We are proposing to add the following projects:

Evans Pass Road and Reserve Terrace Remedial Works	**$13.3 million (2020/21 – $6.3 million)** – subject to this project receiving 75 per cent subsidy from Waka Kotahi NZ Transport Authority.
Bexley Closed Landfill – Foreshore Remediation Project	**$1.5 million (2020/21 – $1.0 million**) via funding substitution from the Inner City Waste Collection System project.
Safety improvements: guardrails – Dyers Pass route	**$5.8 million (2020/21 – $2.9 million)** – this project is 75 per cent funded by Waka Kotahi NZ Transport Authority.
Pedestrian/cycle safety improvements: Dyers Pass route	**$1.5 million (2020/21 – $0.7 million)** – this project is 75 per cent funded by Waka Kotahi NZ Transport Authority.
Carriageway smoothing (asphalt concrete >40mm)	**$1.35 million in 2020/21** – this project is 50 per cent funded by Waka Kotahi NZ Transport Authority.
Footpath renewals delivery project	**$0.65 million in 2020/21** – this project is 50 per cent funded by Waka Kotahi NZ Transport Authority.

We are proposing to reduce funding on the Christchurch Art Gallery – Collections Acquisitions by $0.25 million in 2020/21.

In the previous Draft Annual Plan consultation document we identified a selection of projects that had either had funding brought forward, or deferred. While there are no changes to some of those projects, we are proposing changes to the following projects:

- Budgets for the cycleways projects are proposed to be re-timed to reflect a realistic timeframes for planning and construction of the 10 sections of cycleway. All but one section (Northern Line Cycleway - Tuckers to Sturrocks Roads) will start work in 2020/21.

- Robert McDougall Art Gallery strengthening work is now proposed to occur in future years, with only $128,000 of the $1.25 million budget for weather tightness spent in 2020/21.
- The timing of the work on the Old Municipal Chambers has been reviewed and we are proposing to defer $3.5 million, leaving $1.7 million for work in 2020/21.
- Neighbourhood reserve purchases of $2.6 million that were introduced in the previous Draft Annual Plan are now proposed not to go ahead in 2020/21.
- The $2.6 million local cycleway linking Rutland Reserve to Cranford Street is now not proposed to be delivered early. However, it will still be delivered to coincide with the re-timed opening of the Christchurch Northern Corridor.
- All work related to the QEII Park Masterplan and $2.4 million in funding is proposed to be deferred to future years.
- Work on the Birmingham to Wrights route upgrade is proposed to be re-timed.
- The $1.3 million for the Okains Bay new water supply is now proposed to be spent after 2020/21.

While the proposed 2020/21 capital programme is $7.4 million higher than the LTP, the LTP did not include the Crown's share of the Canterbury Multi-Use Arena.

The complete capital programme, which shows all changes to projects, can be found in the Draft Annual Plan from page 41. We also have information on changes at a ward and Community Board level available at **ccc.govt.nz/annualplan**

The Long Term Plan, which we will review next year, will be another opportunity to look at the timing of projects in our capital programme. Planning for this is underway and a draft plan will be released for public consultation early next year.

Findings from the annual Christchurch Residents' Survey – we are listening and acting

In reprioritising our capital programme, we took into consideration the findings of our annual Christchurch Residents' Survey programme. The survey programme, which finds out what people think about Christchurch City Council services, shows that overall satisfaction has fallen to 50 per cent in 2019/20 – down from 62 per cent last year.

Dissatisfaction with services such as road and footpath conditions, water supply, stormwater drainage and responsiveness to issues are the main reasons for declines in overall satisfaction. With this in mind, this Draft Annual Plan includes additional funding for footpath renewals and carriageway smoothing, and our well heads improvement programme and water safety plan requirements are still an absolute priority.

As in previous years, there were high degrees of satisfaction with some services including libraries, kerbside collection, recreation and sports facilities, and the Christchurch Botanic Gardens and Mona Vale.

You can read more about the annual Christchurch Residents' Survey Programme 2019/20 at **ccc.govt.nz/the-council/how-the-council-works/reporting-and-monitoring/residents-survey**

Capital programme funding

The capital programme is funded by Crown contributions and subsidies, grants for capital expenditure, development contributions, rates and debt. In 2020/21 we will rate for $138.7 million of renewals which is consistent with our Financial Strategy.

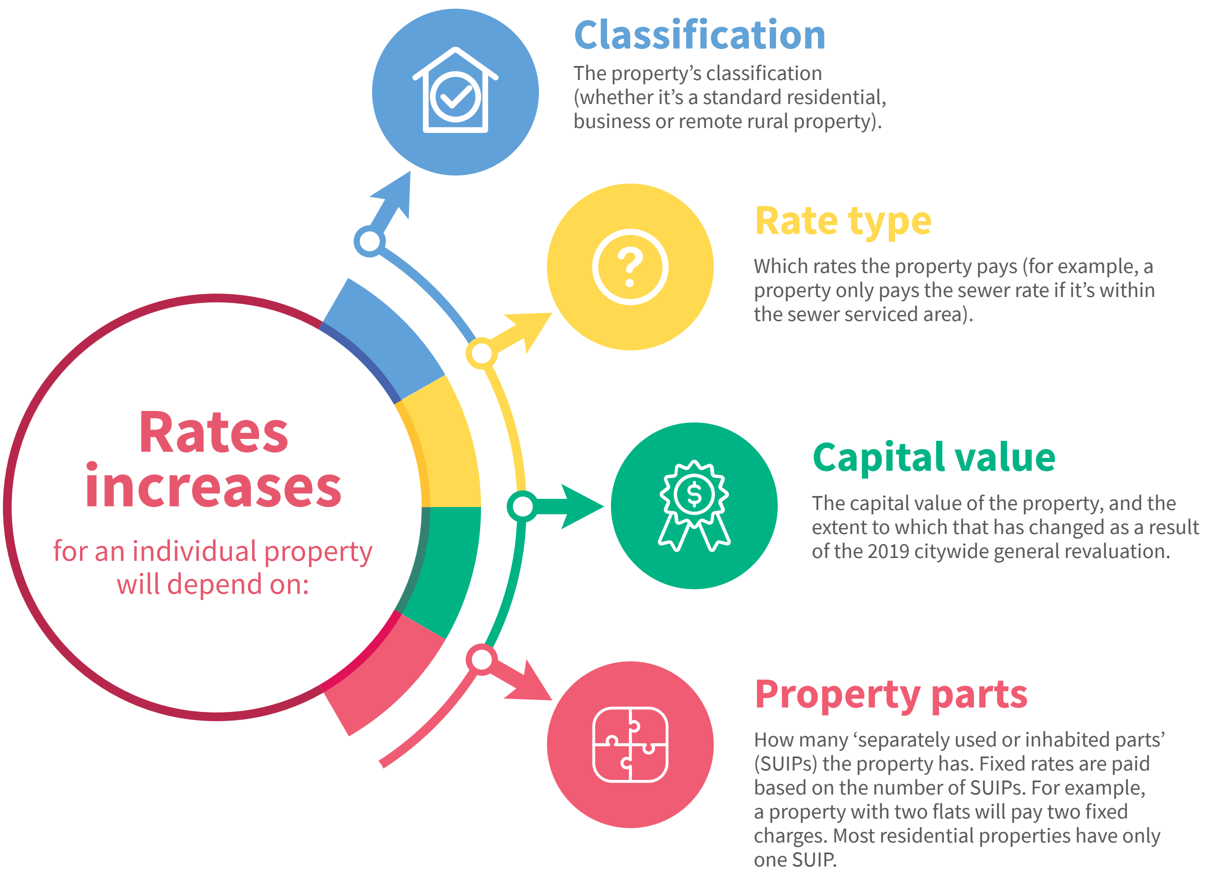
Proposed changes to rates

Your rates and other funding help pay for things such as a safe and reliable water supply, wastewater, roads and footpaths, waste collection and management, a public transport network, sport and recreation facilities and community amenities.

We borrow to pay for some of the capital programme, and use rates to fund day-to-day operational spending – running the social infrastructure (for example, neighbourhood parks and sports fields, swimming pools and community meeting places) that helps people connect and builds strong, resilient communities.

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.

Rates are a tax on property, and most are collected in proportion to the property value – more valuable properties pay more.



Every three years, the Council is required to carry out a city-wide revaluation of every property for rating purposes. We have just completed one of these revaluations, and 2020/21 will be the first rating year to which the new valuations apply. Some properties have increased in value while others have stayed the same or decreased. The rates' increase that a particular property experiences will depend on what has happened to their valuation. If a property's capital value has fallen substantially, it may experience a decrease in rates.

- We use a 1.07 per cent capital value increase for standard residential property for illustrative purposes because it is the average increase in capital value for houses in the 2019 revaluation.
- We use 4.19 per cent for businesses for illustrative purposes because this is the average increase in capital value for business properties in the 2019 revaluation.
- We use 6.88 per cent for rural property for illustrative purposes because it is the average increase in capital value for remote rural properties in the 2019 revaluation.

These increases relate to Christchurch City Council's rates, not to Environment Canterbury's (ECan) rates. You will see ECan's rates on your rates invoices. We collect these rates on their behalf.

Rates for a typical house that are based on the capital value of the property.

Cents per dollar of capital value

Rate name	2020/21 New rate	2019/20 Old rate	Increase (%)
Standard General	0.298978	0.307431	-2.7%
Water Connected	0.062554	0.060783	2.9%
Land Drainage	0.039732	0.040430	-1.7%
Sewerage	0.084427	0.080000	5.5%
Total	**0.485691**	**0.488644**	**-0.6%**

Fixed charges for typical house.

Dollars

Rate name	2020/21 New rate	2019/20 Old rate	Increase (%)
Uniform Annual General Charge	$132.00	$130.00	1.5%
Waste Minimisation	$205.84	$168.85	21.9%
Active Travel	$20.00	$20.00	0.0%
Heritage (Cathedral)	$6.52	$6.52	0.0%
Total	**$364.36**	**$325.37**	**12.0%**

Note: the Waste Minimisation rate increase is due to the EcoCentral processing fee because other countries are no longer taking our recyclable waste.

Rates for a business that are based on the capital value of the property.

Cents per dollar of capital value

Rate name	2020/21 New rate	2019/20 Old rate	Increase (%)
Business General	0.507366	0.521710	-2.7%
Water Connected	0.062554	0.060783	2.9%
Land Drainage	0.039732	0.040430	-1.7%
Sewerage	0.084427	0.08000	5.5%
Total	**0.694079**	**0.702923**	**-1.3%**

Fixed charges for typical business.

Dollars

Rate name	2020/21 New rate	2019/20 Old rate	Increase (%)
Uniform Annual General Charge	$132.00	$130.00	1.5%
Waste Minimisation	$205.84	$168.85	21.9%
Active Travel	$20.00	$20.00	0.0%
Heritage (Cathedral)	$6.52	$6.52	0.0%
Total	**$364.36**	**$325.37**	**12.0%**

Rates for a remote rural property that are based on the capital value of the property.

Cents per dollar of capital value

Rate name	2020/21 New rate	2019/20 Old rate	Increase (%)
Remote Rural General	0.224234	0.230573	-2.7%
Land Drainage	0.039732	0.040430	-1.7%
Total	**0.263966**	**0.271003**	**-2.6%**

Fixed charges for typical remote rural property.

Dollars

Rate name	2020/21 New rate	2019/20 Old rate	Increase (%)
Uniform Annual General Charge	$132.00	$130.00	1.5%
Waste Minimisation (Part)	$154.38	$126.63	21.9%
Active Travel	$20.00	$20.00	0.0%
Heritage (Cathedral)	$6.52	$6.52	0.0%
Total	**$312.90**	**$283.15**	**10.5%**

Option 1:

Our preferred option is an overall average rates' increase of 3.5 per cent

This means:

- For an **average house** (CV of $508,608) – **1.81 per cent** rates' increase
- For an **average business** (CV of $1,858,572) – **3.11 per cent** rates' increase
- For an **average remote rural property** (CV of $1,039,580) – **4.72 per cent** rates' increase

Standard residential property

The Council plans to change the rates paid by a typical house as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$1,335.74	197,876	$1,292.28	$43.46	$0.84	3.36%
300,000	$1,821.43	296,814	$1,775.73	$45.70	$0.88	2.57%
400,000	$2,307.12	395,752	$2,259.19	$47.94	$0.92	2.12%
500,000	$2,792.82	494,689	$2,742.64	$50.17	$0.96	1.83%
600,000	$3,278.51	593,627	$3,226.09	$52.41	$1.01	1.62%
700,000	$3,764.20	692,565	$3,709.55	$54.65	$1.05	1.47%
800,000	$4,249.89	791,503	$4,193.00	$56.89	$1.09	1.36%
1,000,000	$5,221.27	989,379	$5,159.91	$61.36	$1.18	1.19%
1,500,000	$7,649.73	1,484,068	$7,577.18	$72.54	$1.40	0.96%
2,000,000	$10,078.18	1,978,758	$9,994.45	$83.73	$1.61	0.84%
3,000,000	$14,935.09	2,968,137	$14,828.99	$106.10	$2.04	0.72%
Average house						
508,608	**$2,834.62**	**503,206**	**$2,784.26**	**$50.37**	**$0.97**	**1.81%**

A typical house that increased in capital value by 1.07 per cent would see a rates' increase of 1.81 per cent.

Business property

The Council plans to change the rates paid by a typical business as shown here

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$1,752.52	191,954	$1,674.66	$77.86	$1.50	4.65%
400,000	$3,140.68	383,908	$3,023.95	$116.73	$2.24	3.86%
600,000	$4,528.83	575,862	$4,373.24	$155.59	$2.99	3.56%
800,000	$5,916.99	767,817	$5,722.53	$194.46	$3.74	3.40%
1,000,000	$7,305.15	959,771	$7,071.82	$233.33	$4.49	3.30%
1,500,000	$10,775.55	1,439,656	$10,445.04	$330.50	$6.36	3.16%
2,000,000	$14,245.94	1,919,541	$13,818.27	$427.67	$8.22	3.09%
3,000,000	$21,186.73	2,879,312	$20,564.72	$622.01	$11.96	3.02%
5,000,000	$35,068.31	4,798,853	$34,057.61	$1,010.70	$19.44	2.97%
Average business						
1,858,572	**$13,264.32**	**1,783,803**	**$12,864.13**	**$400.19**	**$7.70**	**3.11%**

A typical business property that increased in capital value by 4.19 per cent would see a rates' increase of 3.11 per cent.

Remote rural property

The Council plans to change the rates paid by a typical remote rural property as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$840.83	187,131	$790.28	$ 50.55	$0.97	6.40%
400,000	$1,368.76	374,262	$1,297.41	$71.35	$1.37	5.50%
600,000	$1,896.70	561,393	$1,804.54	$92.15	$1.77	5.11%
800,000	$2,424.63	748,524	$2,311.67	$112.96	$2.17	4.89%
1,000,000	$2,952.56	935,655	$2,818.80	$133.76	$2.57	4.75%
1,500,000	$4,272.39	1,403,483	$4,086.63	$185.76	$3.57	4.55%
2,000,000	$5,592.22	1,871,310	$5,354.46	$237.76	$4.57	4.44%
3,000,000	$8,231.88	2,806,965	$7,890.11	$341.77	$6.57	4.33%
5,000,000	$13,511.20	4,678,276	$12,961.42	$549.78	$10.57	4.24%
Average remote rural property						
1,039,580	**$3,057.04**	**972,688**	**$2,919.16**	**$137.87**	**$2.65**	**4.72%**

A typical remote rural property that increased in capital value by 6.88 per cent would see a rates' increase of 4.72 per cent.

Option 2:

An overall average rates' increase of 5.5 per cent

We are legally required to include an option at the 250 per cent debt to revenue ratio. That would put the average rates' increase at 5.5 per cent.

This means:

- For an **average house** (CV of $508,608) – **3.62 per cent** rates' increase
- For an **average business** (CV of $1,858,572) – **5.54 per cent** rates' increase
- For an **average remote rural property** (CV of $1,039,580) – **7.37 per cent** rates' increase

Standard residential property

The Council plans to change the rates paid by a typical house as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$1,355.58	197,876	$1,292.28	$63.30	$1.22	4.90%
300,000	$1,851.19	296,814	$1,775.73	$75.46	$1.45	4.25%
400,000	$2,346.80	395,752	$2,259.19	$87.61	$1.68	3.88%
500,000	$2,842.41	494,689	$2,742.64	$99.77	$1.92	3.64%
600,000	$3,338.02	593,627	$3,226.09	$111.93	$2.15	3.47%
700,000	$3,833.63	692,565	$3,709.55	$124.08	$2.39	3.34%
800,000	$4,329.24	791,503	$4,193.00	$136.24	$2.62	3.25%
1,000,000	$5,320.46	989,379	$5,159.91	$160.55	$3.09	3.11%
1,500,000	$7,798.51	1,484,068	$7,577.18	$221.33	$4.26	2.92%
2,000,000	$10,276.56	1,978,758	$9,994.45	$282.11	$5.43	2.82%
3,000,000	$15,232.66	2,968,137	$14,828.99	$403.67	$7.76	2.72%
Average house						
508,608	**$2,885.07**	**503,206**	**$2,784.26**	**$100.82**	**$1.94**	**3.62%**

A typical house that increased in capital value by 1.07 per cent would see a rates' increase of 3.62 per cent.

Business property

The Council plans to change the rates paid by a typical business as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$1,786.18	191,954	$1,674.66	$111.52	$2.14	6.66%
400,000	$3,208.00	383,908	$3,023.95	$184.05	$3.54	6.09%
600,000	$4,629.83	575,862	$4,373.24	$256.59	$4.93	5.87%
800,000	$6,051.65	767,817	$5,722.53	$329.12	$6.33	5.75%
1,000,000	$7,473.47	959,771	$7,071.82	$401.65	$7.72	5.68%
1,500,000	$11,028.03	1,439,656	$10,445.04	$582.98	$11.21	5.58%
2,000,000	$14,582.58	1,919,541	$13,818.27	$764.31	$14.70	5.53%
3,000,000	$21,691.69	2,879,312	$20,564.72	$1,126.97	$21.67	5.48%
5,000,000	$35,909.91	4,798,853	$34,057.61	$1,852.30	$35.62	5.44%
Average business						
1,858,572	**$13,577.15**	**1,783,803**	**$12,864.13**	**$713.02**	**$13.71**	**5.54%**

A typical business property that increased in capital value by 4.19 per cent would see a rates' increase of 5.54 per cent.

Remote rural property

The Council plans to change the rates paid by a typical farm as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$855.71	187,131	$790.28	$65.43	$1.26	8.28%
400,000	$1,398.52	374,262	$1,297.41	$101.11	$1.94	7.79%
600,000	$1,941.33	561,393	$1,804.54	$136.79	$2.63	7.58%
800,000	$2,484.14	748,524	$2,311.67	$172.47	$3.32	7.46%
1,000,000	$3,026.95	935,655	$2,818.80	$208.15	$4.00	7.38%
1,500,000	$4,383.98	1,403,483	$4,086.63	$297.34	$5.72	7.28%
2,000,000	$5,741.00	1,871,310	$5,354.46	$386.54	$7.43	7.22%
3,000,000	$8,455.05	2,806,965	$7,890.11	$564.94	$10.86	7.16%
5,000,000	$13,883.15	4,678,276	$12,961.42	$921.73	$17.73	7.11%
Average remote rural property						
1,039,580	**$3,134.37**	**972,688**	**$2,919.16**	**$215.21**	**$ 4.14**	**7.37%**

A typical remote rural property that increased in capital value by 6.88 per cent would see a rates' increase of 7.37 per cent.

Option 3:

An overall average rates' increase of 4.65 per cent

If we were to retain the 4.65 per cent average rates' increase proposed in our original Draft Annual Plan, we would not have to borrow as much. We would also have more flexibility, or 'headroom' with our debt to revenue ratio.

This means:

- For an **average house** (CV of $508,608) – **2.85 per cent** rates' increase
- For an **average business** (CV of $1,858,572) – **4.51 per cent** rates' increase
- For an **average remote rural property** (CV of $1,039,580) – **6.25 per cent** rates' increase

Standard residential property

The Council plans to change the rates paid by a typical house as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$1,347.15	197,876	$1,292.28	$54.87	$1.06	4.25%
300,000	$1,838.55	296,814	$1,775.73	$62.82	$1.21	3.54%
400,000	$2,329.94	395,752	$2,259.19	$70.76	$1.36	3.13%
500,000	$2,821.34	494,689	$2,742.64	$78.70	$1.51	2.87%
600,000	$3,312.74	593,627	$3,226.09	$86.64	$1.67	2.69%
700,000	$3,804.13	692,565	$3,709.55	$94.58	$1.82	2.55%
800,000	$4,295.53	791,503	$4,193.00	$102.53	$1.97	2.45%
1,000,000	$5,278.32	989,379	$5,159.91	$118.41	$2.28	2.29%
1,500,000	$7,735.30	1,484,068	$7,577.18	$158.12	$3.04	2.09%
2,000,000	$10,192.28	1,978,758	$9,994.45	$197.83	$3.80	1.98%
3,000,000	$15,106.24	2,968,137	$14,828.99	$277.25	$5.33	1.87%
Average House						
508,608	**$2,863.64**	**503,206**	**$2,784.26**	**$79.38**	**$1.53**	**2.85%**

A typical house that increased in capital value by 1.07 per cent would see a rates' increase of 2.85 per cent.

Business property

The Council plans to change the rates paid by a typical business as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$1,771.88	191,954	$1,674.66	$97.22	$1.87	5.81%
400,000	$3,179.40	383,908	$3,023.95	$155.45	$2.99	5.14%
600,000	$4,586.91	575,862	$4,373.24	$213.67	$4.11	4.89%
800,000	$5,994.43	767,817	$5,722.53	$271.90	$5.23	4.75%
1,000,000	$7,401.95	959,771	$7,071.82	$330.13	$6.35	4.67%
1,500,000	$10,920.75	1,439,656	$10,445.04	$475.70	$9.15	4.55%
2,000,000	$14,439.54	1,919,541	$13,818.27	$621.27	$11.95	4.50%
3,000,000	$21,477.13	2,879,312	$20,564.72	$912.41	$17.55	4.44%
5,000,000	$35,552.31	4,798,853	$34,057.61	$1,494.70	$28.74	4.39%
Average Business						
1,858,572	**$13,444.23**	**1,783,803**	**$12,864.13**	**$580.10**	**$11.16**	**4.51%**

A typical business property that increased in capital value by 4.19 per cent would see a rates' increase of 4.51 per cent.

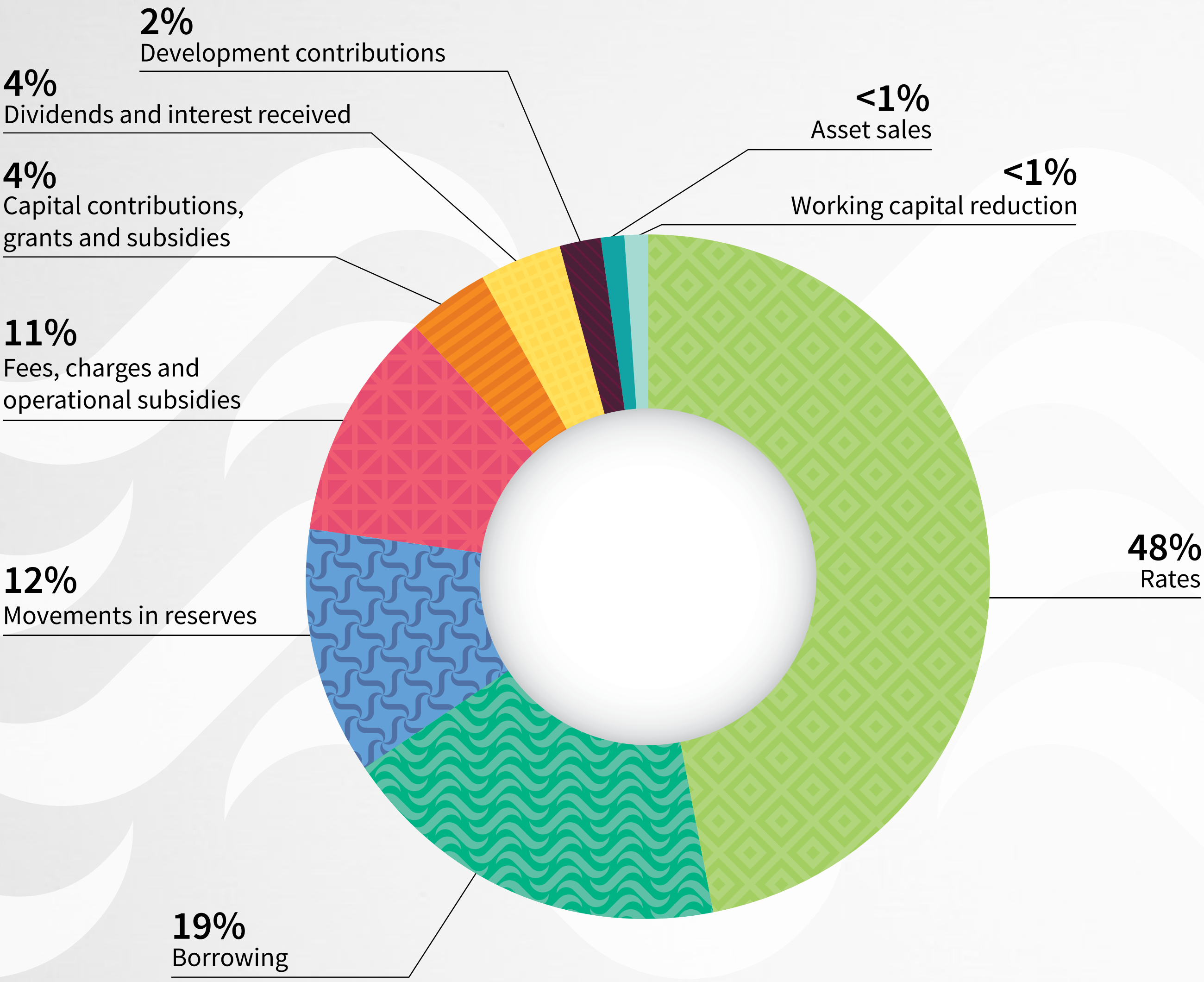
Remote rural property

The Council plans to change the rates paid by a typical remote rural property as shown here:

2020/21		2019/20		Rates Change		
CV	Rates	CV	Rates	$ per year	$ per week	%
200,000	$849.39	187,131	$790.28	$59.11	$1.14	7.48%
400,000	$1,385.88	374,262	$1,297.41	$88.46	$1.70	6.82%
600,000	$1,922.36	561,393	$1,804.54	$117.82	$2.27	6.53%
800,000	$2,458.85	748,524	$2,311.67	$147.18	$2.83	6.37%
1,000,000	$2,995.34	935,655	$2,818.80	$176.54	$3.39	6.26%
1,500,000	$4,336.56	1,403,483	$4,086.63	$249.93	$4.81	6.12%
2,000,000	$5,677.78	1,871,310	$5,354.46	$323.32	$6.22	6.04%
3,000,000	$8,360.22	2,806,965	$7,890.11	$470.11	$9.04	5.96%
5,000,000	$13,725.10	4,678,276	$12,961.42	$763.68	$14.69	5.89%
Average remote rural property						
1,039,580	**$3,101.51**	**972,688**	**$2,919.16**	**$182.35**	**$3.51**	**6.25%**

A typical remote rural property that increased in capital value by 6.88 per cent would see a rates' increase of 6.25 per cent.

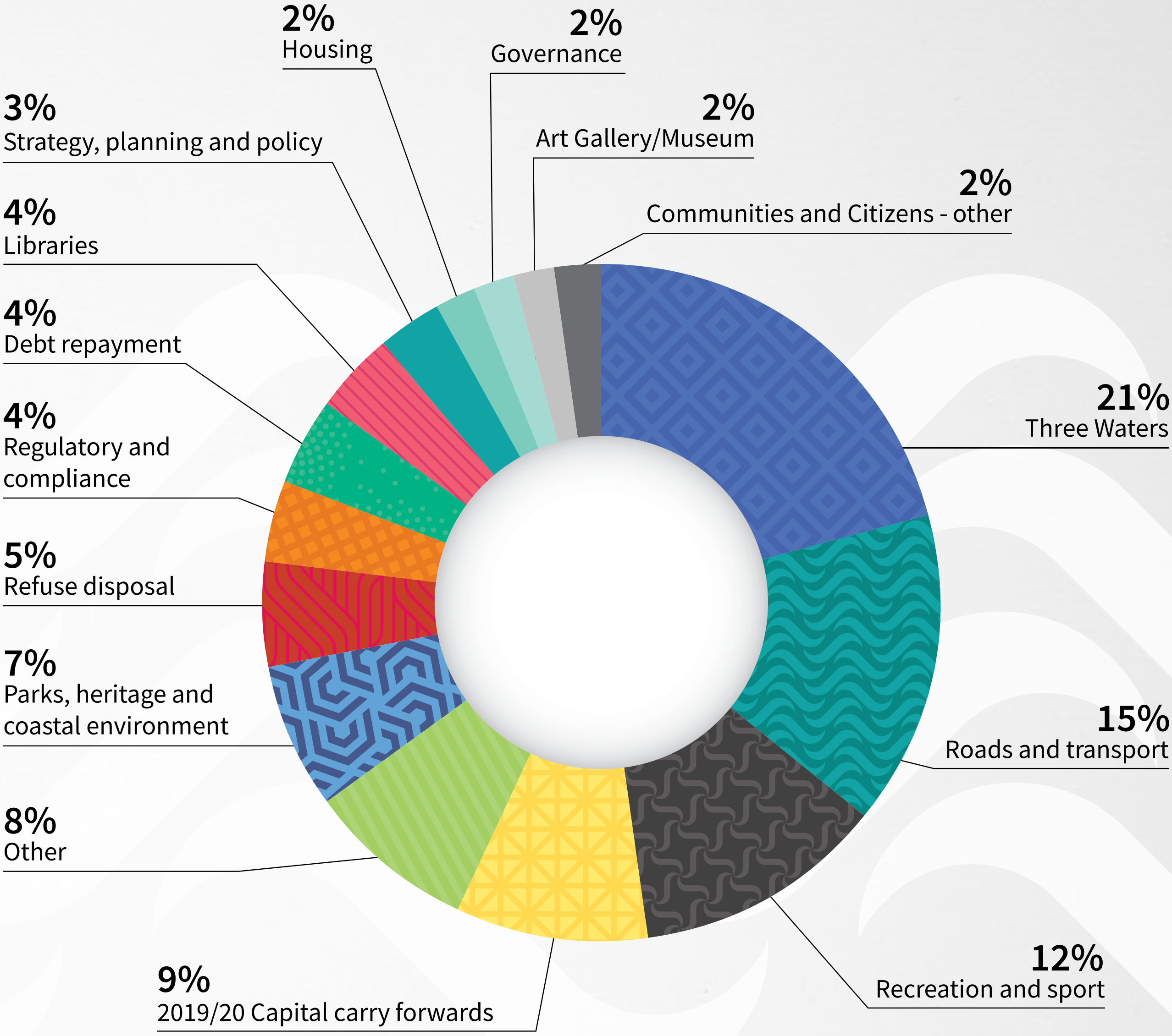
Where our funding will come from



Rates are the Council's main source of funding for providing the services and activities that keep Christchurch running.

In the 2020/21 financial year we propose collecting $556.4 million (excluding GST) in rates to help pay for essential services as well as capital renewal and replacement projects, events and festivals. This income is topped up with funding from fees and charges, Government subsidies, development contributions, interest and dividends from subsidiaries, and borrowing. We also borrow to fund a significant portion of our capital programme.

Where our funding will go in 2020–21



We propose to spend $1.15 billion on operational services and capital works across a range of activities. 'Other' comprises unallocated interest costs, and capital expenditure largely relating to the Canterbury Multi-Use Arena, IT projects and the Performing Arts Precinct project.

Our Strategic Framework

Late last year we revised our Strategic Priorities

Our Strategic Framework commits us to building a resilient city which is ready for the challenges of the 21st century. It's a document that we use to guide our decision-making to ensure we have our community's best interests at the heart of everything we do. You can find the full framework below.

Ōtautahi–Christchurch is a city of opportunity for all

Open to new ideas, new people and new ways of doing things – a city where anything is possible

Principles

- Being open, transparent and democratically accountable
- Promoting equity, valuing diversity and fostering inclusion
- Taking an inter-generational approach to sustainable development, prioritising the social, economic and cultural wellbeing of people and communities and the quality of the environment, now and into the future
- Building on the relationship with Te Rūnanga o Ngāi Tahu and the Te Hononga–Council Papatipu Rūnanga partnership, reflecting mutual understanding and respect
- Ensuring the diversity and interests of our communities across the city and the district are reflected in decision-making
- Actively collaborating and co-operating with other local, regional and national organisations

Community Outcomes

Resilient communities

- Strong sense of community
- Active participation in civic life
- Safe and healthy communities
- Celebration of our identity through arts, culture, heritage, sport and recreation
- Valuing the voices of all cultures and ages (including children)

Liveable city

- Vibrant and thriving city centre
- Sustainable suburban and rural centres
- A well connected and accessible city promoting active and public transport
- Sufficient supply of, and access to, a range of housing
- 21st century garden city we are proud to live in

Healthy environment

- Healthy water bodies
- High quality drinking water
- Unique landscapes and indigenous biodiversity are valued and stewardship exercised
- Sustainable use of resources and minimising waste

Prosperous economy

- Great place for people, business and investment
- An inclusive, equitable economy with broad-based prosperity for all
- A productive, adaptive and resilient economic base
- Modern and robust city infrastructure and community facilities

Strategic Priorities

- **Enabling active and connected communities to own their future**
- **Meeting the challenge of climate change through every means available**
- **Ensuring a high quality drinking water supply that is safe and sustainable**
- **Accelerating the momentum the city needs**
- **Ensuring rates are affordable and sustainable**

Ensuring we get core business done while delivering on our Strategic Priorities and achieving our Community Outcomes

- Engagement with the community and partners
- Strategies, Plans and Partnerships
- Long Term Plan and Annual Plan
- Our service delivery approach
- Monitoring and reporting on our progress

Our Community Outcomes

Changes have also been made to the Community Outcomes which set out what we aim to achieve to promote the wellbeing of our communities. The changes are below, with new wording in bold text.

Celebration of our identify through arts, culture, heritage, sport **and recreation**	This change captures activity that is not formal or for competitive purposes but nonetheless important for supporting individual and community wellbeing.
Valuing the voices of **all cultures and ages (including children)**	This outcome highlights the Council's commitment to inclusion, recognising that diversity is a strength, and retains a clear commitment to valuing the voices of children.
Vibrant and thriving city centre	This is now a stand-alone outcome, emphasising the Council's commitment to the central city and recognising the distinct programmes of work underway to ensure the city moves forward.
Sustainable suburban and rural centres	Also now a stand-alone outcome, emphasising the importance of suburban and rural centres that can continue to offer facilities and services to the local community.
A well connected and accessible city **promoting active and public transport**	This outcome now includes a specific reference to active and public transport, following the amendment of the Strategic Priorities, to retain a clear commitment to supporting these travel choices.
Healthy water bodies	This change emphasises the Council's commitment to healthy water in our lakes, wetlands, estuaries and coastal lagoons as well as springs, streams and rivers.
Unique landscapes and indigenous biodiversity are valued and stewardship exercised	Stewardship draws on the concept of kaitiakitanga, recognising the responsibility to act together as custodians of our natural environment, ensuring a positive legacy for future generations.
Sustainable use of resources **and minimising waste**	This change responds to increasing community concerns about waste, particularly plastics, highlighting this area of the Council's work.

How to have your say

We'd like your feedback on our plans for the next 12 months, and the matters we have raised in this consultation document.

There are several ways you can give feedback:

Written feedback

Written submissions can be made from Friday 12 June 2020 until 5pm Monday 29 June 2020.

Fill out our online submission form at **ccc.govt.nz/haveyoursay** *(preferred)*

Fill out a submission form *(available from libraries and service centres)*

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

Post a letter to:
Freepost 178 *(no stamp required)*
Annual Plan Submissions
Christchurch City Council
PO Box 73017
Christchurch 8154

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 your **full name, postal address, postcode and email address** on your submission. If you wish to speak to your submission at the public hearings, please also provide a daytime phone number.

If you are completing your submission on behalf of a group or organisation, you need to include your organisation's name and your role in the organisation.

Social media

Informal feedback, which is not counted as a submission, can be made in the following ways:

- Go to our Facebook page **facebook.com/christchurchcitycouncil** and include #cccplan in your post.
- Tweet us your feedback using #cccplan

Have a question?

If you'd like to talk directly with a Councillor or Community Board member about the Draft Annual Plan, get in touch: **ccc.govt.nz/the-council/how-the-council-works/elected-members/community-boards/**

Alternatively, you can give us a call on (03) 941 8999, provide your details and a good time for us to call, and one of our managers will be in touch.

Hearings

As the Council will be adopting its 2020/21 Annual Plan by the end of July 2020, there is not enough time following the close of consultation to complete a separate hearings process. Instead, we are holding hearings at the same time as we're receiving submissions, with the whole consultation process scheduled to be completed by **5pm Monday 29 June 2020**.

Given the time constraints, opportunities to be heard will be limited but we will endeavour to accommodate submitters within the timeframe. Groups will be allocated five minutes to speak and individuals will have three minutes.

If you would like to be heard, please get in touch with us by **18 June 2020** on (03) 941 8999 or **ccc-plan@ccc.govt.nz**

Submissions are public information

Subject to the provisions of the Local Government Official Information and Meetings Act 1987, if required, 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 us by phoning (03) 941 8999 or 0800 800 169.

Glossary

A glossary of terms used in this consultation document can be found at **ccc.govt.nz/annualplan**

Christchurch City Council, Updated Draft Annual Plan 2020/21
Consultation Document, Christchurch Otautahi.

This Updated Draft Annual Plan Consultation Document was
adopted by Christchurch City Council on 11 June 2020.
It covers the period 1 July 2020 to 30 June 2021.

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ISBN 978-1-877313-90-5