Te Mahere Rautaki Kaurera

OUR LONG TERM PLAN 2024–2034

Volume 2 of 2

Strategies, Polices and Financial Information underpinning the Long Term Plan

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Christchurch City Council

Te Mahere Rautaki Kaurera

OUR LONG TERM PLAN 2024–2034

Volume 2 of 2

This Long Term Plan was adopted by Christchurch City Council on 27 June 2024.
It covers the period 1 July 2024 to 30 June 2034.

This plan is contained in two volumes:

Volume 1: ***What the Council has planned for the next 10 years***
Volume 2: ***Strategies, Policies and Financial Information underpinning the Long Term Plan***

Cautionary Note

The forecast financial statements in this Long Term Plan 2024-2034 have been prepared on the basis of the best information available at the time of preparing the accounts, including the latest available information on cost and revenue forecasts.

Actual results are likely to vary from the information presented and the variations may be material.

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

Te Mahere Rautaki Kaurera
Our Long Term Plan 2024–2034
Volume 2 of 2

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Financial Strategy 2024-34

The Financial Strategy details how the Council plans to provide a prudent and cost-effective approach to funding the range of assets, facilities and services we need to ensure Christchurch can continue to be an inclusive, equitable and well-functioning city. The Financial Strategy sets out the approach to achieving our community outcomes and strategic priorities in an affordable and sustainable way putting people at the centre of developing our city and district, prioritising wellbeing, accessibility, connection and collaborating to build our role as a leading New Zealand city.

The Strategy explains how we will use the funding tools available - a mix of rates, fees and charges, government subsidies and debt to fund the services our community wants and needs in the most affordable way possible.

1. Executive summary

This has been among the most challenging financial strategies this Council has yet prepared. Like all other local authorities in New Zealand, we face multiple financial challenges including significantly increased debt servicing costs, significantly increased insurance costs, challenging asset renewal requirements, the costs of climate change adaptation and mitigation, and the general increase in costs that a high rate of inflation has brought.

In addition, we face the final phase of our rebuild following the earthquakes of 2010/11 with additional costs associated with the construction and then operation of key facilities such as Te Kaha (the multi-use indoor arena), Parakiore (our flagship sports and aquatic centre) and Te Whare Tapere (the performing arts precinct).

Our financial direction over the next 10 years strikes a balance between providing reliable infrastructure, facilities and services, building long-term financial resilience, and keeping rates and other council charges as affordable as possible.

Getting this balance right promotes a sound and sustainable financial position where our citizens can look forward to enjoying living in a world-class sustainable city with confidence, pride and optimism.

This Strategy describes how we will sustainably and responsibly fund the services and activities, and projects and programmes of work we will deliver through our Long Term Plan 2024-34 (LTP).

This Strategy closely aligns with our 30-year Infrastructure Strategy. The work programmes identified in the Infrastructure Strategy enable the Council to achieve levels of service agreed with our community and meet required technical standards within a prudent financial framework.

The Infrastructure Strategy takes a long look ahead, planning for our city's infrastructure needs over the next 30 years. This is a bigger picture compared to the LTP and Financial Strategy, which focus on the next 10 years. This difference in how far each plan looks into the future brings some challenges, especially when we think about how much we need to invest in infrastructure and how we're going to pay for it, including the level of rates required after the current LTP period.

For the coming decade, our Financial Strategy provides for rates to rise materially initially. This is to pay for important committed projects, such as Te Kaha. However the plan is to reduce these rate increases and keep them steady in the latter years of the LTP period. On the other hand, our Infrastructure Strategy looks further ahead and indicates we'll need to spend more on infrastructure after the next 10 years. This difference means that when we start working on the next set of plans in 2027 – the next Infrastructure Strategy, Financial Strategy, and LTP – we'll have some further big decisions to make. We'll need to figure out how to keep rates affordable while making sure we meet the need for reliable and sustainable infrastructure that meets both our climate change obligations and our need to accommodate a growing city.

2. Key challenges and opportunities

The Financial Strategy needs to consider and respond to the key challenges the Council expects to face over the 10 years covered by this Long Term Plan 2024-34.

A. High inflation and interest rates

This Long Term Plan has been prepared in what appears to be the tail-end of a period of economic volatility and uncertainty caused in a large part by the impacts of the COVID-19 global pandemic.

Inflation increased significantly around the globe following expansionary intervention by governments and central banks (higher spending and lower interest rates) to avoid recession following interruptions to global production and consumption caused by COVID-19, international conflicts and increasing oil prices.

Domestic influences have impacted on local government costs through increased government and council spending to repair extensive damage from cyclones in the top half of the North Island, high inflation and interest rates and a severe skills shortage in areas critical to local government operations. The Consumer Price Index (CPI) inflation measure peaked at a 30 year high of 7.2 per cent in 2022.

The Reserve Bank of New Zealand (along with other central banks around the world) has responded by increasing interest rates to reduce inflation through reducing spending and demand for goods and services.

From an inflation-reducing perspective this appears to be having the desired effect with inflation expected to track down to a new medium-term average of 3 per cent in 2026/27. However, it is coming at a cost to households and businesses as interest rate hikes increase costs and lower demand creates uncertainty in the economy.

The environment of increasing costs and higher interest rates continues to challenge the Council as we look to deliver services at acceptable cost for residents. Our borrowing peaks at a lower level compared with our previous Long Term Plan (figure 4 below), but the interest rate we pay on that debt will be significantly more than previously forecast.

B. Providing reliable and resilient infrastructure

There are a number of key issues influencing our capital investment and funding decisions with respect to infrastructure. In coming to a decision, we have looked to maximise the impact of our capital programme in terms of delivering reliable, cost-effective infrastructure within a realistic funding level and also to keep debt at prudent levels, particularly in the first three years of the Strategy.

i. Renewing ageing infrastructure

Assets have a finite life after which they need to be replaced to avoid breakdowns and costly repair and maintenance. Significant proportions of our infrastructure networks are either at or coming towards the end of their economic life and need replacing.

We are conscious of the desire to minimise rate increases; however, our asset condition data tells us that increased investment in asset renewals is required to have our infrastructure networks operate reliably and cost-effectively.

Our residents have made it very clear how important it is to maintain or improve levels of service for roads and footpaths, flood protection, flood control works and water services and in preparing the capital programme we have assessed these assets specifically to ensure that they remain fit for purpose.

ii. Supporting growth

Christchurch’s population is forecast to continue to grow, refer to the Infrastructure Strategy – Appendix One : Citywide Population & Household Projections, creating demand for new housing, business premises and community facilities and the infrastructure needed to support these.

In addition, household relocations in response to the impacts of climate change may manifest as growth development. Changes to land use as the city adapts and people move away from hazards including sea level rise and in response to severe weather events will see residents move to safer parts of the district.

The Council needs to provide the right infrastructure at the right time to support sustainable growth and ensure ongoing resilience to the impacts of climate change and natural hazards. We look to fund infrastructure to service growth as much as possible from development contributions and assets provided by developers when undertaking new developments. This means we keep the rates contribution to fund growth infrastructure to a minimum. This is covered in more detail in the Infrastructure Strategy.

C. Delivery and operation of significant new community facilities

During the next three years we will largely complete an ambitious community facility investment programme to provide facilities that appropriately cater for citizens living in a significant and growing city now and in the future.

Significant community facilities to be completed by 2025/26:

- Matatiki: Hornby Centre – opened in 2024
- Te Whare Tapere - Performing Arts Precinct - opening in 2025
- Parakiore – multi sports and aquatic centre (mostly funded by Government) – scheduled to open in 2025
- Te Kaha - multi-use arena - (co-funded by Government) opening in 2026

Over the life of these projects, investment will contribute new debt of $1.3 billion.

Once the facilities open, operating costs will increase by around $141 million over the life of the Long Term Plan. This cost is funded from rates and fees and charges. In addition, the Council needs to rate to provide funding for future asset renewals when required.

iii. Development of the Ōtākaro Avon River Corridor

The Council has worked with Mana Whenua and communities to put in place a co-governance committee to oversee implementation of the Ōtākaro Avon River Corridor Regeneration Plan.

The Plan calls for investment of around $1.5 billion over 30 years. Over the next 10 years Council has allocated $490 million of capital development funding across Parks, Transport and Three Waters.

The programmes focus is on the restoration of a river delta environment supporting healthy waterways. This includes significant investment in storm water management and flood protection for surrounding properties and infrastructure within the surrounding areas. Ecological restoration will result in improved natural waterways. The programme embraces the concept of a “Sponge City”, which creates an environment that can provide for increased levels of rainfall and a rise in groundwater levels as a consequence of climate change.

D. Responding to climate change

In 2019 the Council declared a climate and ecological emergency, acknowledging the urgent need for the Council and community to address climate change issues.

The Council’s Ōtautahi Christchurch Climate Resilience Strategy prioritises actions and sets targets to reduce Council and community emissions and adapt to the impacts of climate change. These are then given effect to through the work programmes and budgets of the various activities in the Long Term Plan.

Climate change will increasingly impact on the Council’s finances in a variety of ways, including:

- Increased maintenance and operating costs as infrastructure is compromised by the effects of climate change such as through sea level rise, water table rise and the impact of extreme weather events.
- Costs associated with retreat or relocation of Council assets to respond to the effects of sea level rise in particular. This may include the costs to relocate residents from at-risk locations, including coastal areas, to less vulnerable locations. The development of Council policy will be subject to central government policy and there may be scenarios where Council is required to contribute to this relocation.
- The cost to offset Council’s residual emissions from 2030 when our net zero carbon target comes into effect.
- Increased insurance costs and/or insurance retreat.
- Emissions reduction and adaptation may affect Council’s cost of borrowing. The Local Government Funding Agency offers a 0.02% interest rate reduction if loans are linked to meaningful and measurable sustainability outcomes. Inaction could make it more difficult /expensive to borrow money as lenders become increasingly sensitive to climate risks.
- Central government funding may increasingly be linked to climate action. Budget 2023 included funding for local government resilience initiatives and renewable community energy.

Our strategy is to increasingly shift our focus towards more proactive responses and interventions to climate change risks and impacts. Proactive investment in climate change mitigation and adaptation by Council can help lower costs and risks faced over the longer term.

The LTP 2024-34 includes a more comprehensive suite of initiatives to address climate change mitigation and adaptation than previous LTPs have.

E. Responding to local government reform

The local government sector is potentially going through once-in-a-generation change. If implemented, these reforms could mean local government looks quite different in terms of what it provides to communities and how it functions with consequential impacts on council funding.

The changes include:

- Three waters reform – the National-led Government has repealed the proposed Water Services legislation, returning asset ownership and infrastructure investment to local government.
- Resource management change – the National-led government has repealed legislation which significantly changed how councils undertake resource management functions. Future for Local Government review – an independent review panel looked at what councils do and how they do it with a view to seeing more services delivered via local government, central government and community partnership, changes to how councils are funded, how councils partner with mana whenua/ Māori and how local government is structured.

3. Overview of our current financial position

Despite the financial pressures that we have had to address in preparing the LTP our current financial position remains solid. We remain well within our debt, interest and liquidity financial covenants in each year. We continue to not meet the debt servicing benchmark, but this is largely due to the amounts we borrow in order to make interest-earning loans to CCHL; we have no concern around our ability to service the debt. (These benchmarks are explained in more detail in the section on Financial Prudence Benchmarks).

In response to our significant increase in rate requirement in the short term we have revisited our plan to transition the funding of renewal expenditure from debt to rates. We have reduced the level of transition for the first two years of the LTP, where rates increases are at their highest. The consequences of this are;

- reducing the rate requirement by 1.4% in year 1 and 1.2% in year 2
- incurring higher net borrowings of $88 million by 2030
- not meeting the balanced budget benchmark in year three of the LTP, and
- extending the target date to fully fund renewal expenditure from rates by one year to 2032.

While previous LTPs had incorporated the additional debt servicing and operating costs associated with the community facilities programme we had not fully anticipated the additional cost of putting a roof over Te Kaha and the multiple challenges of significantly increased interest and insurance costs, plus the impact of high inflation. These, coupled with the challenging asset renewal requirements, and the costs of climate change adaptation and mitigation, have led to a number of hard decisions.

We are aware that the proposed rate increase will not be welcomed by many but are also aware that higher levels of asset renewals and maintenance are required to maintain a functioning infrastructure network and retain existing levels of service.

A. Debt

Our net debt levels are in line with those forecast in the LTP 2021-31 and while servicing costs have increased, we can service current and forecast debt albeit with a higher rates requirement. We have also retained the ability to respond to unexpected events by maintaining available borrowing (headroom) of at least $600 million.

B. Capital expenditure

Our core capital programme is proposed to be increased reflecting the challenges associated with ageing infrastructure, climate change and the resulting change in land use and is averaged at $600 million per annum excluding Parakiore and Te Kaha.

4. Financial Strategy Principles

Four guiding principles with associated goals underpin our Financial Strategy. These principles influence how we respond to our key challenges.

A. *Provide good stewardship of community assets and resources (look after what we've got)*

Good stewardship of community assets and resources requires us to maintain our existing assets in appropriate condition for current and future generations. We need to ensure funding is available to:

- Invest in improving the quality of asset condition data and analysis and interpretation of that data to ensure we better understand the condition of our assets.
- Use quality asset condition data to make smart decisions about asset management (repair and replacement) including considering the resilience of our infrastructure networks to climate and natural hazard risks.
- Replace infrastructure when it is at the end of its economic life. We aim to get the most use possible from an asset before replacing it to avoid it failing, causing maintenance costs to rise.

B. *Invest to support sustainable growth (looking to the future)*

Christchurch is the largest city in the South Island. Our population is currently 400,000 and is expected to grow to around 475,000 by 2054 and is forecast to increase 0.8 per cent per year on average over the next 10 years.

We will also experience demand on our infrastructure from development outside our district. Selwyn and Waimakariri Districts have a combined population of 142,100 (2022) and are projected to grow to 210,000 residents over the next 30 years. A large proportion of Selwyn and Waimakariri residents travel into Christchurch for work and to access commercial services, shops, and recreation facilities. This makes Greater Christchurch one of New Zealand's high-growth centres.

In addition, any household relocations in response to the impacts of climate change will manifest as growth development. Changes to land use as the city adapts and people move away from hazards including sea level rise and in response to severe weather events will see residents move to less at risk parts of the district. This is likely to be similar to the housing relocation patterns we saw following the earthquakes of 2010/11.

This strategy ensures funding is available to support new development in a resilient and sustainable way, and that appropriate parties fund a fair share of the costs of providing infrastructure to service this growth.

C. *Take prudent and sustainable approaches to financial management (long term focus)*

We need to make good financial decisions for the long-term to build and maintain financial resilience. We must also manage debt within our benchmarks and ensure we retain the ability to borrow for unexpected events. This includes defining the role and performance of CCHL and the CCTOs and their contribution to our financial resilience over time.

D. *Provide value for money for our community (affordability and deliverability)*

We consider rates affordability / willingness to pay and financial sustainability when setting rates. At the same time, we need to generate sufficient revenue to sustain appropriate investment in infrastructure, facilities and services that deliver broad wellbeing benefits to our citizens and businesses. We must then deliver on what we rate for.

We must balance the quality and reliability of infrastructure and facilities with what we can afford. We also need to consider intergenerational equity (fairness between generations on who pays). This includes prioritising investment in adapting to the impacts of climate change while avoiding maladaptation and sunk costs associated with stranded assets.

When allocating costs to ratepayers we need to consider who benefits from an activity to decide who pays and maximise non-rates revenue streams and opportunities where appropriate. These considerations are detailed in the Council's Revenue and Finance Policy.

5. Financial Strategy Response

The Financial Strategy lays out the approach the Council will take to sustainably fund its planned work programme over the coming 10 years. It presents key financial bottom lines the Council has decided on – rates rise limits, debt limits, and financial prudence parameters such as debt headroom.

Preparing the Financial Strategy requires a range of trade-offs to be considered which boils down to how much can we deliver for our community for the lowest possible rate requirement while maintaining agreed levels of service and keeping debt to an acceptable level. To achieve these trade-offs the Council has a range of policy levers it can employ – these policy levers are at the heart of the Financial Strategy.

A. An affordable and deliverable capital programme

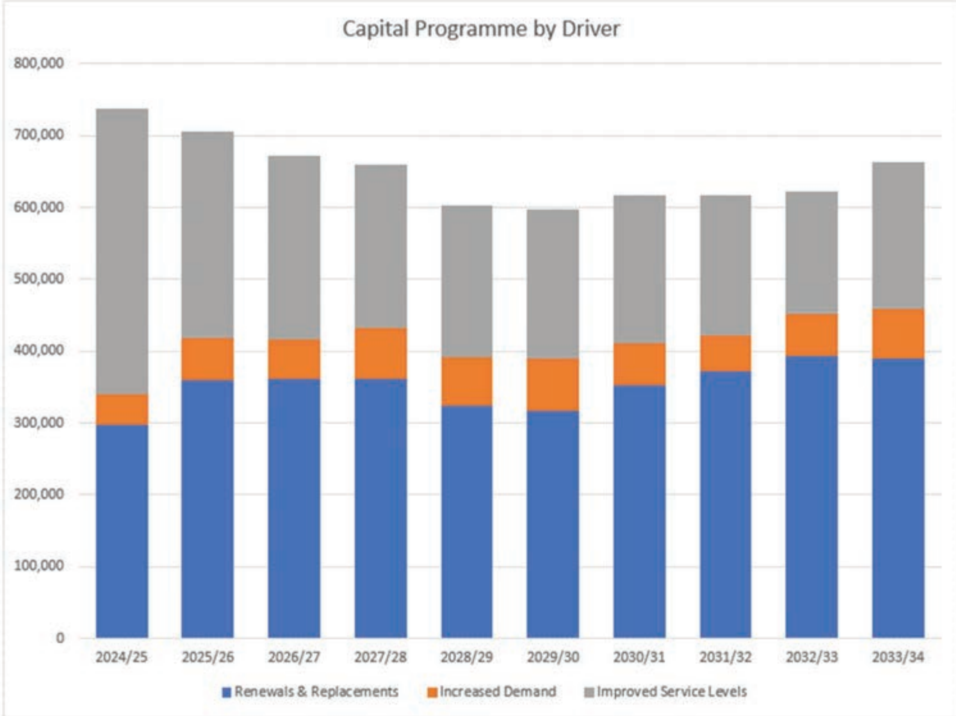
The capital works programme reflects the analysis of infrastructure requirements undertaken in preparing the Infrastructure Strategy, Activity Plans and Asset Management Plans that underpin the LTP 2024-34.

The programme (excluding asset renewals) delivers new assets and is initially funded from borrowing. This enables us to spread the cost over 30 years with the debt repaid from development contributions (for infrastructure to service growth) and rates. Spreading the cost over time enables us to promote intergenerational equity – ensuring today's ratepayers don't fund the full cost of new infrastructure that will benefit future as well as current residents.

The capital works programme as shown in figure 1 is our largest area of expenditure where there are clear options available to alter the level of investment, albeit with trade-offs on our ability to provide reliable infrastructure, meet the demands of growth, meet levels of service and comply with regulatory requirements.

We have averaged our core capital works programme to $600 million per year for the years 2024-34. This enables us to keep our debt to revenue ratio within prudent limits and then to reduce over time. As our debt reduces our debt headroom (the amount we can borrow without breaching debt covenants) will increase, providing additional financial resilience to shocks.

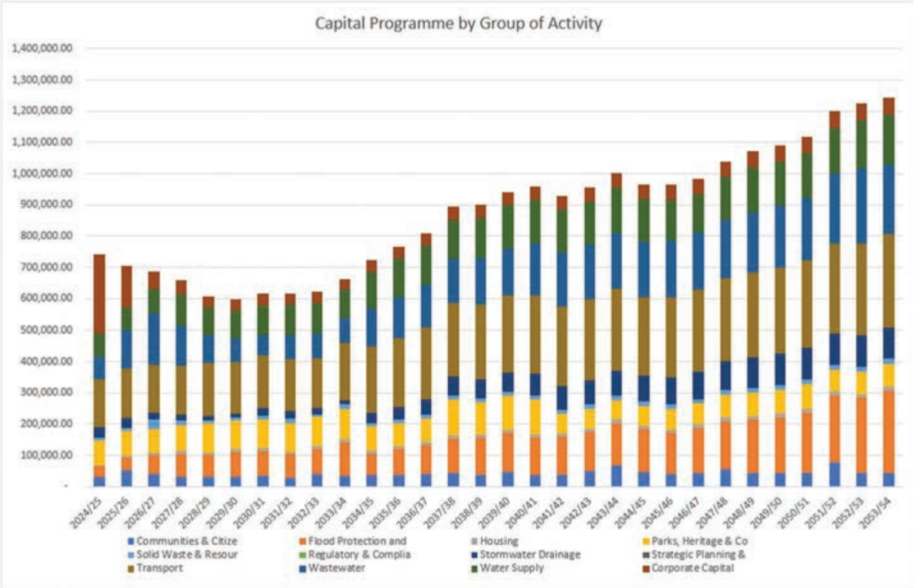
Figure 1. Planned capital expenditure 2024-34



Our asset renewals programme has planned capital expenditure of $298-$361 million per year in the first three years and an average annual spend of $360 million for the following seven years, with a greater emphasis on Transport projects in the latter years.

The planned capital expenditure programme for the next 30 years (with inflation added) is shown in Figure 2 overleaf.

Figure 2. Capital expenditure for the next 30 years, by Group of Activity



i. Options considered in proposing the capital works programme

The Council has considered variations to its planned capital works programme but believes its preferred option represents the best balance between delivery and cost.

An increased programme was considered but an additional $20 million of debt-funded capital spend per annum would require an ongoing annual rates increase of 0.14 per cent, while also reducing headroom over time.

Similarly, the Council considered limiting the core capital programme by not replacing water supply and wastewater renewal funding that had been reprioritised to upgrade water supply wells/wellheads and water security priorities. However, this was considered to be too risky in terms of continued deterioration of key network infrastructure and resultant significantly increasing maintenance costs and increasing the risk to public health.

ii. Funding renewals from rates

The Council has had a strategy to incrementally increase rating for asset renewals to 100% of long run average renewals by 2031.The Council currently borrows to fund some of the cost of its annual asset renewal programme. Since 2015 we have been transitioning to fully fund renewals from rates (and New Zealand Transport Agency/Waka Kotahi funding assistance rate) by 2031. This helps ensure current ratepayers are not subsidised by future generations.

However, given the higher rate requirement in years 1 and 2 of the LTP, we have reduced the level of the transition for the first two years of the LTP. This has reduced the rate requirement by 1.4% in year one and 1.2% in year two. The target to fully fund renewal expenditure from rates will be extended by one year to 2032. This change will also mean we will not meet the balanced budget benchmark in year three of the LTP.

Other external revenue, mainly from NZTA, assists fund our Transport renewals programme and equates to 9.6 per cent of our total renewal programme.

B. Balance financial resilience with rates affordability

The costs to Council from the 2010/11 earthquakes and the COVID-19 pandemic taught us we need to be in a financial position that enables us to appropriately respond to unexpected events. We need to continue to maintain the ability to borrow sufficient funds at short notice to soften the effects of a fiscal emergency and to deliver services without the need to immediately pass on the usually short-term costs via rates.

To achieve long-term financial resilience the following prudent financial management measures will be used:

i. Maintain a balanced budget

Outside of year three we propose to maintain a balanced budget. This will ensure we rate the current generation for sufficient funds to cover the wear and tear on existing assets (represented by depreciation), ensuring a growing liability to maintain these existing assets is not left to future generations. The goal of fully funding our renewals from rates is a key element in achieving a balanced budget.

ii. Operational costs have been further reduced.

Operating expenditure savings are budgeted to be achieved without lowering levels of service delivered to our community.

We have looked to balance the need for sufficient revenue to provide quality, cost-effect services and infrastructure while recognising that rates affordability can be an issue for some residents and businesses.

This strategy supports a prudent work programme and budget with the least possible impact on the overall wellbeing of our communities. As mentioned above non-controllable costs restrict our ability to cut costs. While operational savings of $182 million were initially considered over the period of the Long-Term Plan, Council decided to implement only $41 million. This level of savings was considered to be the maximum change that could be made without impacting levels of service.

C. *Maintain appropriate debt capacity (headroom)*

Debt headroom is the amount Council can borrow before reaching its debt limit. In the 2024/25 year this is 285 per cent of annual rates revenue, however from the 2025/26 year this declines to 280 per cent of annual rates revenue. The Council needs to maintain the ability to borrow to respond to a disaster event.

Our debt headroom was set at $400m in the Financial Strategy 2021 based on 2019 asset values and using the following assumptions:

- Response to a 1 in 5,000-year disaster event:
    - Crown to fund 40%
    - CCC estimated share $436m after insurance and Crown contribution
- Response to a 1 in 10,000-year event at $473m couldn't be provided for

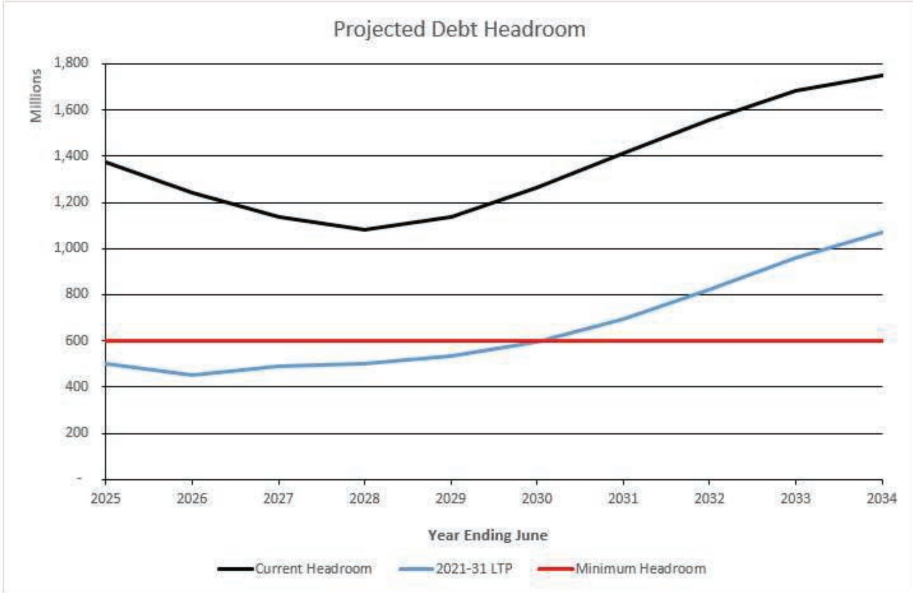
The Financial Strategy 2024 updates the assumptions used:

- Asset reinstatement values increased 32% from 2019 to 2022
- A 1 in 5,000-year disaster event now requires debt headroom of $600m
- A 1 in 10,000-year disaster event requires debt headroom of $650m

Based on the updated assumptions above Council has set the following debt targets:

- Debt headroom will be at least $600 million
- The minimum debt headroom budgeted capacity in the LTP 2024-34 is $1,079 million (lowest point of black line in figure 3).
- A reduction in budgeted headroom (by using more debt to fund Council's annual work programme) was considered as an alternative to the proposed rate increase but this impacted significantly on one of our key Financial Benchmarks; the need to maintain a balanced budget.

Figure 3. Projected Debt Headroom 2024- 2034



D. *Debt projections and limits*

Debt is an important funding tool, enabling investment in infrastructure to be paid for by both today's ratepayers and those of the future, promoting intergenerational equity, a key principle of Council's Revenue and Financing Policy.

While the use of debt promotes equity, we need to balance what we would like and what we can afford. Balance is important in both the short and longer term. Our ability to borrow is limited by the willingness of lenders to provide credit and the ability and willingness of ratepayers to pay the rates required to service interest costs and principal repayments.

i. *Projected debt level*

Gross debt is the total debt we carry, while net debt has cash holdings and debt (advances) owed to us deducted.

We propose to materially increase debt over the next four years (as shown in Figure

4 below) to fund our capital investment programme, while retaining sufficient budget flexibility to respond to unexpected adverse developments.

From 2030 through the remainder of the LTP 2024-34 period, net debt stabilises at around $2.8 billion.

Figure 4. Forecast net debt – 2024 – 2034

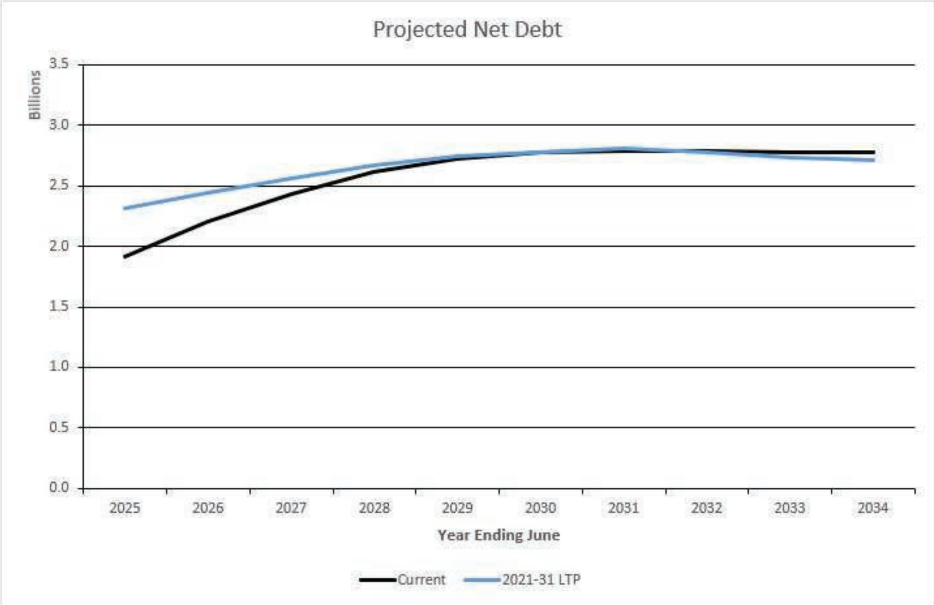


Table 1 quantifies the proposed net debt and resultant headroom from figures 3 and 4 for the LTP period.

Table 1. Proposed net debt and capacity to borrow (debt headroom)

$million	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Proposed net debt	1,918	2,203	2,434	2,620	2,721	2,773	2,791	2,791	2,772	2,780
Debt headroom	1,375	1,244	1,135	1,079	1,138	1,266	1,414	1,556	1,683	1,749

ii. Limit on debt to revenue ratio

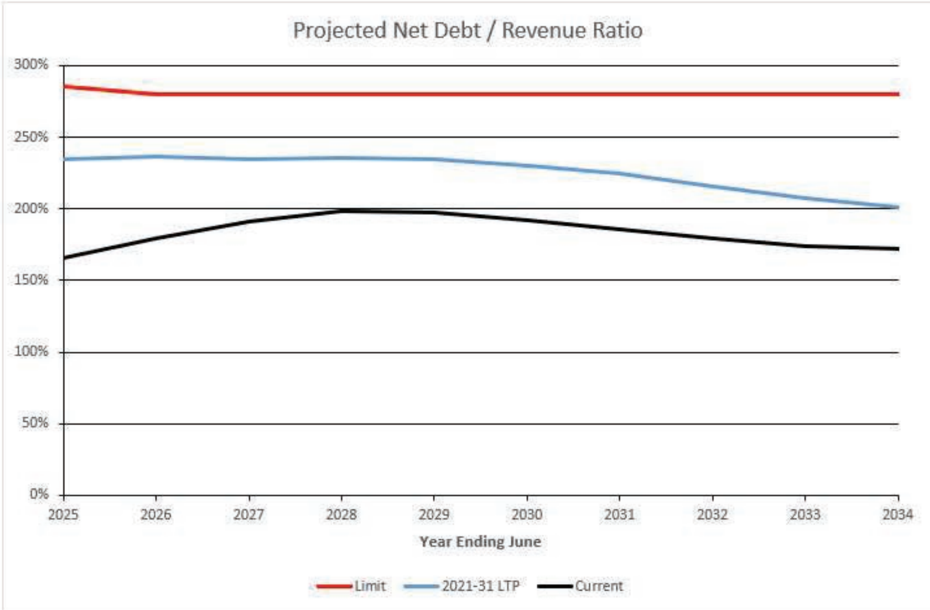
The debt to revenue ratio is an indicator of debt affordability and prudence. The Council maintains covenants with lenders which set limits on borrowing. The Council's biggest source of debt funding is the Local Government Funding Agency (LGFA) which limits council total net debt to 285 per cent of total operating revenue in the 2024/25 year, before settling at a new long-term limit of 280 per cent from 2025/26.

A prudent debt strategy should restrict planned borrowing to materially less than the covenant limit, to provide budget flexibility (or headroom) in the event of unexpected adverse changes to our financial position or operating environment.

The maximum debt to revenue ratio proposed over the 2024-34 period is 198 per cent in 2027/28 as shown in figure 5, well under the 280 per cent LGFA limit. At this peak we retain debt headroom (the ability to borrow more if required without breaching financial covenants) of $1,079 million.

After 2028 the net debt to revenue ratio is planned to gradually improve to 172 per cent in 2033/34. This will give the ability to borrow at least $1,748 million without breaching debt covenants by 2034.

Figure 5. Net Debt to Revenue Ratio 2024- 2034



iii. Debt affordability benchmark

We meet our debt affordability benchmark for a year if actual or planned borrowing for the year is within our quantified limit on borrowing. Quantified debt limits are shown in Table 2 below. These have been set at the LFGA limits described above. The limits are a "worst case" maximum borrowing scenario.

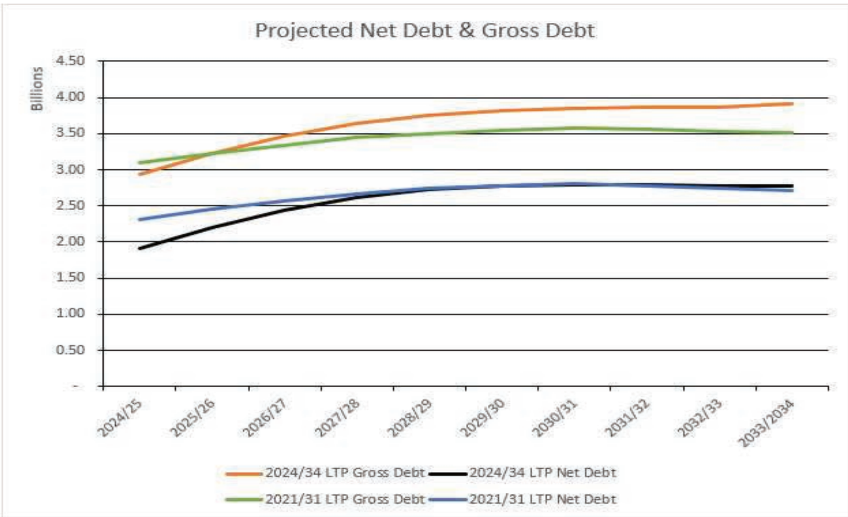
Table 2. Proposed gross debt and quantified limit

$million	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Proposed gross debt	2,940	3,219	3,459	3,636	3,753	3,814	3,852	3,873	3,871	3,907
Quantified debt limit	4,315	4,463	4,594	4,715	4,891	5,080	5,266	5,429	5,553	5,655

We have set the following debt management targets to maintain appropriate capacity to borrow at short notice.

- Net debt to revenue ratio is forecast to peak in 2028 at 198.3 per cent.
- Debt headroom of at least $600 million is maintained in all years.
- After 2028 the net debt to revenue ratio is planned to gradually improve and we will have the ability to borrow at least $1.74 billion without breaching debt covenants by 2034.
- Net debt to revenue ratio reduces to below 172 per cent in 2034.

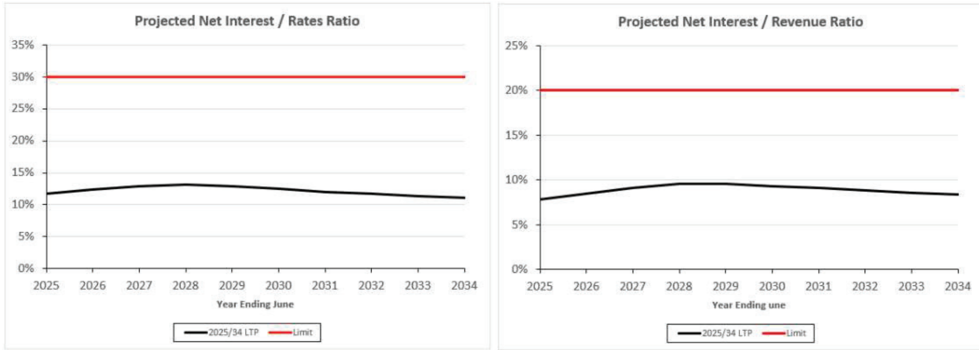
Figure 6/ Forecast gross and net debt – 2024 – 2034



iv. Limits on interest costs

The cost of interest to rates revenue ratio and the cost of interest to total revenue ratio are both debt affordability indicators. The two graphs in Figure 7 below show interest costs remain well within our limits.

Figure 7. Net interest to rates and to revenue 2024 – 2034



E. Rates projections and limits

i. Annual rates increases

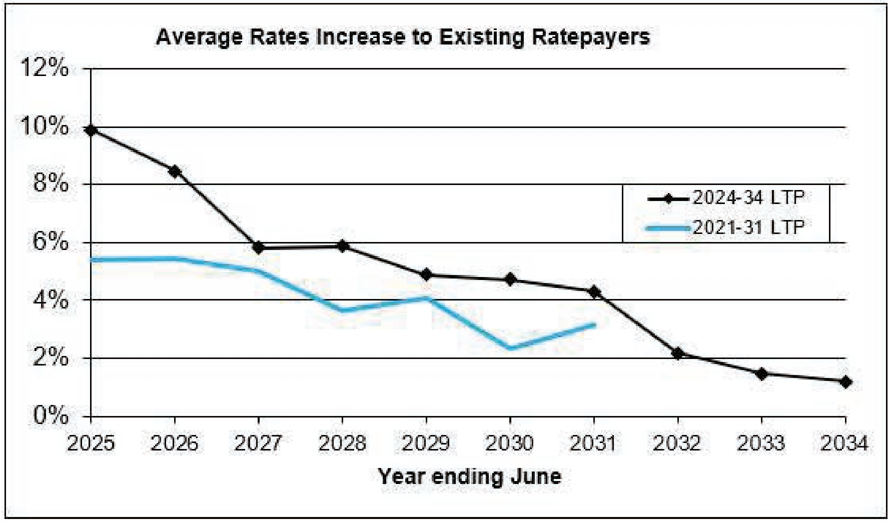
We propose a rates increase to existing ratepayers of 9.90 per cent in the 2024/25 year. This rise is driven to a large extent by a combination of increased interest rates, increased insurance costs, the capital cost of Te Kaha and the general increase in costs from a high inflation economic environment.

This level of rates increase enables a capital investment programme to be delivered progressing the major facilities and prioritised infrastructure renewals. The table below indicates the proposed increases to existing ratepayers over the period of the LTP. These are shown in graph form in figure 8.

Table 3. Annual rates increase for existing ratepayers.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Proposed Rates increase	9.90%	8.48%	5.80%	5.88%	4.90%	4.73%	4.31%	2.18%	1.46%	1.19%

Figure 8. Average annual rates increase for existing ratepayers – 2024 – 2034



ii. Rates affordability benchmark

We have set limits on total annual rate increases at 1 per cent higher than the rate increases forecast each year in the LTP 2024-34. This provides some flexibility in the event of unexpected adverse developments in our financial position or operating environment.

These are 'soft limits' in that the Council can choose to exceed it in any year but must explain why it believes it prudent to do so. We report on compliance with our rates limits through the Annual Report and the Pre-election Report.

Our rates limits are based on total rates income (i.e. including rates revenue from new properties) – the increase to existing ratepayers will always be lower as long as the number of rateable properties continues to grow. For this reason, existing ratepayers should focus on the previous table as an indicator of likely future rates increases rather than table 4 below.

Table 4. Notional rates increase and limit.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Proposed increase	12.0%	9.5%	6.8%	6.9%	5.9%	5.7%	5.3%	3.2%	2.5%	2.2%
Rates increase limit	13.0%	10.5%	7.8%	7.9%	6.9%	6.7%	6.3%	4.2%	3.5%	3.2%

6. Other options considered

A. Increase investment

For the sake of completeness we did consider the option of having higher rates rises to enable accelerated delivery of new assets and asset renewals. This option was ruled out because:

- we don't have the capacity to deliver more or bigger scale projects
- our debt headroom would have been reduced which would compromise our financial resilience
- higher rates would be onerous for most households.

B. Reduce investment

We looked at having lower rates rises, primarily by reducing investment in new projects and asset renewals. This option was ruled out because:

- it would contribute to higher rates of asset failure, reducing service reliability and increasing maintenance costs
- we would risk not meeting levels of service agreed with the Council and community
- we would not complete new major community facilities within current timeframes.
- we would be likely to be passing on failing infrastructure to futuregenerations.

C. Reduce our scope of services

The option of reducing levels of service currently agreed with the community was considered and rejected by the Council as it is contrary to the feedback we are receiving from residents and ratepayers.

D. Sale of surplus assets.

The Council considered a proposal to instruct CCHL to develop a business case for the CCHL subsidiaries to carry out active portfolio management which would enable the subsidiaries to make changes to their asset ownership structures. On review the Council declined this proposal at the initial report stage. The sale of other surplus assets is considered by the Council on an ongoing basis.

7. Other considerations

A. Rating base growth

We expect the number of rating units will continue to grow each year due to development of new subdivisions and buildings. New development increases demand for Council services and infrastructure but also increases the number of properties the rate requirement is spread over.

We have assumed the number of rating units (including residential and commercial) will increase by 0.8 per cent per annum, slightly less than the pace of household growth, which results in the projections for the number of rating units in the LTP period shown in table 5.

Table 5. Projected rating base growth

June Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Rating Units	185,013	186,493	187,985	189,489	191,005	192,533	194,073	195,626	197,191	198,768

B. Inflation

We base our assumptions of future inflation on the BERL Local Government Cost Adjustors which are the basis of inflation forecasts for most New Zealand councils. BERL is an external research-led consultancy organisation which provides independent economic research to assist organisations decision making. Councils focus on inflation for the types of goods and services they buy and provide rather than the consumer price index. Key drivers of local government inflation include energy costs and construction costs, particularly relevant in a period when New Zealand is looking to increase investment in infrastructure provision to catch up following decades of under-investment.

Inflation is currently higher than it has been for many years with forecast local government inflation over the next 10 years ranging between 2.0 – 3.4 per cent per year. A high inflation environment increases the risk that forecasts aren't accurate and the council needs to be conservative in its inflationary expectations and how these are built in to budgets.

The assumed inflation rates used in LTP budgets are included in the Significant Assumptions section of the LTP.

C. Interest

Council repays most borrowing over a 30 year period, which aligns with the average life of our assets. Borrowing for investment in new assets ensures today's ratepayers don't fund all the cost of assets that will provide benefits to future ratepayers/generations which promotes the principle of intergenerational equity.

We are in a period of high interest rates, with the cost of new Council borrowing forecast to remain between 4.6 and 5.5 per cent over the coming 10 years. This will increase our overall cost of borrowing compared with previous forecasts. As with inflation, the high interest rate environment increases the risk that our forecasts aren't accurate and again we have budgeted conservatively to mitigate this risk.

Interest rates used in LTP budgets are included in the Significant Assumptions section of the LTP.

D. Insurance

The Council has restored insurance cover on assets as insurers re-gained confidence in the resilience of our assets following the 2010/11 earthquakes.

Based on external modelling we identified the maximum probable loss of above-ground infrastructure, and current insurance provides for two significant earthquake events in any 12 month period.

In the event of another significant earthquake, we have planned to use a combination of insurance and borrowing to fund our 40 per cent share of the cost of repairs. The remaining 60 per cent would be funded by the Government under the National Civil Defence and Emergency Management Plan, depending on eligibility. This provides approximately $6.7 billion of cover for assets with a replacement value of $10.4 billion. To put this into context, the Council has spent around $3 billion repairing or replacing underground assets following the 2010/11 earthquakes.

E. Local Government Funding Authority (LGFA) – debt limits

LGFA is our main source of debt funding. It raises funds by issuing bonds at lower interest rates than councils could achieve by themselves, due to its size and credit rating. To manage risk, LGFA requires councils to operate within prescribed debt to revenue ratio limits.

In June 2020 LGFA increased the Net Debt to Total Revenue financial covenant ratio limit applying to councils with a credit rating of "A" equivalent or higher. The ratio limit reduced from 290% to 285% in 2024/25, reducing again to 280% per cent from 2025/26 onwards.

The Council will look to keep its debt to at least $600 million less than its debt covenant limit to provide the ability to borrow in an emergency. This is a key component of our approach to financial resilience.

F. Credit rating

The Council's credit rating affects our access to lending and the interest rate we have to pay. This Financial Strategy seeks to support the retention of our current "AA (Stable)" Standard & Poor's credit rating. Governance and debt levels are key to maintaining this rating, and it may come under pressure during the period covered by this Strategy due to projected debt growth.

A one notch downgrade to our credit rating (to "AA-") would increase the cost of our borrowing by at least 0.05 per cent. Although relatively marginal (especially as it would only affect our overall costs gradually as existing borrowing instruments are refinanced), this would increase rates by around 0.15-0.20 per cent over the LTP period. Our credit rating should be supported over time as our net debt/revenue ratio is forecast to return to more conservative levels by the early 2040's.

G. Policy on securities

Like most councils, our debt is secured against future rates revenue. Lenders like this as security and it helps keep our interest rates low. Having rates as security means our lenders can make us repay debt from rates. That is why it is important we keep debt at a sustainable level. We may sometimes offer other security, including physical assets, in certain circumstances. The full policy on giving securities can be found in the Investment and Liability Management Policy on our website.

Security may be offered by providing a charge over one or more specified assets, but this will only be done where there is a direct relationship between the debt and the purchase or construction of the asset being funded, such as an operating lease or project finance, and the Council considers a charge over the asset to be appropriate. There are no such arrangements currently in place.

H. Investments in companies

Council's main investment is in Christchurch City Holdings Limited (CCHL) which holds equity investments on behalf of the Council. These investments provide dividend returns used to reduce the rate requirement and/or reduce Council debt. The dividend yield on our CCHL investment has averaged 1.3 per cent in the last three years and 2.3 per cent in the last ten years. In December 2023 Council agreed with CCHL that CCHL would adopt an enhanced status quo dividend policy and they would collaborate on strategies to increase returns to Council.

We hold other shareholdings principally to achieve efficiency and promote community outcomes and wellbeing rather than for a financial return on investment. The risk to the Council from investing in these companies is low.

Any equity investment carries a risk that the value of the investment and the dividend paid can go down. The COVID-19 lockdown and recession had a significant negative impact on the earnings of some of the companies in the portfolio resulting in lower dividend payments for the years 2020 – 2023.

Further information on CCHL's subsidiary companies is provided in this LTP and in the companies' Statements of Intent.

There are no plans to change our shareholdings. In accordance with good practice, however, this is reviewed regularly.

I. Cash investments

We hold cash for three main reasons:

i. ***To support the balance of our special funds and reserves.*** When special funds are not required in the short term they are used as working capital. The exception is the Capital Endowment Fund (CEF) which is lent internally or invested externally. This provides an ongoing income stream that is used to fund economic development activities and community events and projects. The CEF is projected to return approximately $4.6 million p.a. through the LTP period.

ii. ***To ensure strong lines of liquidity and access to cash.*** Cash is supplemented by committed banking facilities.

iii. ***To provide the funds for maturing debt.***

Cash is invested on short-term deposit to assist manage cash flows. Our targeted return is to exceed the average 90-day bank bill rate.

J. Other investments

i. ***Community loans***

From time to time the Council makes loans to community groups to enable them to pursue their stated objectives. The return on these loans currently in place range from interest free through to 5.4 per cent, depending on when they were granted and the conditions imposed.

ii. ***LGFA.*** Under the terms of the LGFA, each time we borrow from them we are required to invest a small portion of our borrowing in their convertible bonds (“Borrower Notes”). This ensures the stability of the LGFA’s financial position and provides a high level of confidence that the LGFA will continue to be a cost-effective source of the bulk of our long- term borrowing requirements. We earn interest on these bonds at the same market “base” rate as our related borrowing.

Company investments

Company and activity	Shareholding %	Principal reason(s) for investment	Investment value $million[6]	Targeted return
Christchurch City Holdings Limited (CCHL)- Holding company for our equity investments	100	• Provide a return on investment to offset rates. • Strategic investments that add to our economic development and economic, social and environmental resilience	3,166	FY-25 $55m FY-26 $65m FY-27 $65m Future Projections $66m-$86m p.a.
Venues Ōtautahi Limited - Venue management and event hosting	100	• Promote local economic development	200	Nil
Civic Building Limited - Holds our 50 per cent investment in the joint venture that owns the Civic Building offices.	100	• Strategic property investment	41	Nil
ChristchurchNZ Holdings Limited - Delivers Economic development, destination marketing, major events and urban development functions.	100	• Promote local economic development	2	Nil
Transwaste Canterbury Limited - Owner/ operator of the Kate Valley Canterbury regional landfill	38.9	• Shared service provider (co-owned with all other Canterbury local authorities)	6	$5.4 - $7.3 million p.a.
New Zealand Local Government Funding Agency – (LGFA) Lends money at sub-market rates to member councils	8.3	• Access to borrowing at preferential rates. • Shared service provider (co-owned with most other NZ local authorities)	9	$90,000 p.a.
Civic Financial Services Limited - Supplies financial services such as superannuation, Kiwisaver to the local govt sector	12.9	• Access to specialised financial services. • Shared service provider (co-owned with most other NZ local authorities)	2	Nil
Theatre Royal Charitable Foundation - Operates the Isaac Theatre Royal		• Promote cultural wellbeing	1	Nil
Endeavour Icap	12.8	• Economic development	0.1	Nil

[6] The value of the investments in CCHL, Venues Ōtautahi Limited, Civic Building Limited and ChristchurchNZ Holdings Limited were assessed by independent valuers, Deloitte as at 30 June 2023.

Infrastructure Strategy

EXECUTIVE SUMMARY

The Infrastructure Strategy is a critical component of our community's long-term success, developed in conjunction with the Financial Strategy as part of the Long Term Plan (LTP). This strategy acts as a 30-year roadmap, focusing on crucial areas such as water supply, wastewater management, stormwater systems, transport, facilities, parks, and waste management. It is framed within the Council's revised strategic framework, emphasizing inclusivity, sustainability, financial wisdom, and adaptability to climate change and demographic changes.

At the core of managing our extensive infrastructure are the Asset Management Plans and Activity Plans. These plans ensure efficient, sustainable, and climate-resilient operations across all key sectors. The strategy confronts several significant challenges, including the need for improved data-driven management, sustainable asset maintenance, heightened climate resilience, and fostering sustainable urban growth.

To address these challenges, the strategy outlines key action areas. First is the enhancement of data management systems to support better decision-making and asset management. The strategy also emphasizes long-term sustainability, advocating for a balanced approach to funding asset renewals and maintenance while considering the whole life-cycle costs and potential divestment of underutilized assets. Another focal point is building resilience against climate change and natural hazards, which involves developing guiding principles for climate-conscious investments and increasing community engagement in adaptation planning. Lastly, the strategy supports sustainable growth, encouraging integrated planning for infrastructure that promotes active travel, public transport, and road safety.

Over the next 30 years, the strategy anticipates investing approximately $24.67 billion (adjusted for inflation)[1], focusing on maintaining assets, enhancing climate resilience, and planning for sustainable growth. The first decade's spending aligns with the LTP, providing detailed budget allocations, while the subsequent 20 years are guided by broader estimates based on the Asset Management Plans. This forward-thinking approach ensures that our infrastructure not only meets the current needs of the community but also adapts and evolves to meet future challenges and growth.

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[11] Note: this figure is less than the overall Capital Programme, as it excludes Te Kaha, Corporate Capital, Regulatory and Compliance, Strategic Planning and Activities, and Internal Activities.

BACKGROUND AND STRATEGIC CONTEXT

What is an Infrastructure Strategy?

For our community to thrive both now and in the future, it's crucial that we plan with clarity and vision. At the heart of our forward planning is the Long Term Plan (LTP), which details our investment and operational priorities for the next 10-years, how we'll allocate resources, and the steps we'll take to make our long-term vision a reality.

As part of the LTP, we develop the Infrastructure Strategy – which serves as our overarching infrastructure roadmap. It identifies the cross-cutting infrastructure challenges we might encounter over the next 30 years, explores the best solutions, and examines what these choices mean for our community. It's about ensuring that our city's foundational services and structures are not only strong and dependable but also prepared to adapt to the ever-changing landscapes of growth, technology, and environment.

The infrastructure that it will focus on are:

- Water supply
- Wastewater – collection, treatment, and disposal
- Stormwater drainage, flood protection and control works
- Transport – roads, footpaths, active travel, public transport
- Facilities
- Parks
- Solid waste and recycling

The LTP then provides the detailed work programmes and budgets for the coming decade. It breaks down the broad visions of the Infrastructure Strategy into tangible projects, services, and investments that you can see and experience in our community.

Alongside this, we produce the Financial Strategy, which directs us on a financially sustainable path. It lays out how we'll manage funds, keep community services running, and how much we can invest in new developments. This strategy sets the financial boundaries within which we operate, making clear how much we can raise through rates and how much we can responsibly borrow. It's a crucial piece that ensures our Infrastructure Strategy and the LTP are not just aspirational but grounded in financial reality, ensuring that our plans are viable for the long haul.

Our strategic context

The infrastructure strategy is guided by the council’s revised strategic framework

The Council’s Strategic Framework is the cornerstone for our long-term vision, steering how we dedicate our energy and resources. As we looked forward to our Long-Term Plan (LTP), adjustments were made to the framework, refining our community outcomes, and setting the strategic priorities for this Council’s term.

Central to our approach is our guiding vision: Ōtautahi being a place of opportunity for all… open to new ideas, new people, new investment, and new ways of doing things – a place where anything is possible.

From this vision springs our community outcomes. They paint a picture of the Christchurch we're aiming for. Achieving these long-term objectives is a team effort, involving partnerships with our communities, as well as collaborations with governmental and non-governmental entities.

These outcomes are:

- *A collaborative confident city:* Our residents can actively participate in community and city life, have a strong sense of belonging and identity, and feel safe.
- *A green, liveable city:* Our neighbourhoods and communities are accessible and well-connected, supporting our goals to reduce emissions, build climate resilience and protect and regenerate the environment, especially our biodiversity, water bodies and tree canopy.
- *A cultural powerhouse city:* Our diverse communities are supported to understand and protect their heritage, pursue their arts, cultural and sporting interests, and contribute to making our city a creative, cultural and events powerhouse.
- *A thriving prosperous city:* Our city is a great place for people, business, and investment where we can all grow our potential, where enterprises are innovative and smart, and where together we raise productivity and reduce emissions.

To make these community visions a reality, the Council anchors its actions in strategic priorities. These aren't just guidelines for us; they're commitments to the community, showcasing areas where our elected members aim to deepen their focus and bring transformative changes during their term. These priorities shape our approach, especially when it comes to the Infrastructure Strategy.

Our strategic priorities are:

- Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.
- Champion Ōtautahi-Christchurch and collaborate to build our role as a leading New Zealand city.
- Build trust and confidence in the Council through meaningful partnerships and communication, listening to and working with residents.
- Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, water bodies and tree canopy.
- Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.
- Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

In laying out our Infrastructure Strategy, these priorities and community outcomes are paramount. They will serve as a beacon, ensuring that our infrastructure decisions align with the broader aspirations of Christchurch. Through the Infrastructure Strategy, we commit to uphold these guidelines, ensuring that every initiative, project, and effort resonates with our commitment to build a thriving, inclusive, and sustainable city for all.

The wider strategic environment

This Infrastructure Strategy builds on previous strategies to maintain consistency in long-term asset management and investment. It aligns with a variety of local and national plans and is mandated via the Local Government Act (LGA).

Notably, the recent Government's National Infrastructure Strategy Action Plan[2] resonates with our approach, emphasising resilience against climate change, better infrastructure governance, and fostering partnerships with various sectors, including Māori, local government, and the private sector.

We are not strangers to collaboration. We've been a part of the Greater Christchurch Partnership[3] since 2007, influencing urban planning and transport investments. In 2022, the Whakawhanake Kāinga Komiti prioritised the development of a Greater Christchurch Spatial Plan, a pivotal driver for infrastructure planning. This plan, which will be considered for adoption in March 2024, focuses on targeted intensification along public transport corridors and enabling prosperous development of kāinga on Māori land and within urban areas.

For Ōtautahi Christchurch, this Spatial Plan will shape our city's future, guiding investment and integrated land-use planning to accommodate expected growth, intensification, and economic uplift.

At the city level, ongoing spatial and transport initiatives reinforce the Greater Christchurch Spatial Plan by emphasising safe neighbourhoods and promoting active travel. Our planning is regenerative, aiming to rejuvenate natural processes, combat climate change, and fortify community resilience.

These plans collectively are vital for our city's trajectory, pushing towards a sustainable, low emission environment that values indigenous biodiversity and overall well-being. Given that the Banks Peninsula constitutes 70% of the Council's district land area, it's essential to acknowledge that a uniform approach across the district is impractical.

The earthquakes' legacy

The 2010-11 Canterbury earthquakes left an enduring mark on our city, including significant damage to our infrastructure. The cost of the earthquake rebuild has been estimated at an additional (to pre-event budgets) $10 billion expenditure for the Council[4], including between $2 billion and $3.4 billion to repair infrastructure. Additionally, when the Global Settlement was signed in 2019, it was estimated that a further $4 billion earthquake-related capital expenditure would be required over the next 30 years[5]. (The total economic loss and cost of the earthquakes including the Crown, insurers and other parties is estimated at $40 billion)[6].

Much of the Council's horizontal infrastructure was repaired by the SCIRT alliance (Stronger Christchurch Infrastructure Rebuild Team[7]). Its $2.22 billion, five-and-a-half-year programme involved more than 740 individual projects across the city, repairing and rebuilding underground water and wastewater pipes, surface water and waterways, wastewater pump stations, and roads, bridges and retaining walls. Not all damage to the Council's horizontal infrastructure was surveyed nor repaired by SCIRT and remaining earthquake repairs are part of the Council's renewal programme.

While recovery efforts were immense and the legacy will remain for some time, as with our previous Infrastructure Strategy, this strategy is focused on

[2] https://www.treasury.govt.nz/sites/default/files/2023-05/infrastructure-action-plan-2023.pdf
[3] https://greaterchristchurch.org.nz/
[4] Deloitte, Cost of the earthquake to the Council, December 2017, https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Strategies/Global-Settlement/Cost-of-the-earthquakes-Deloitte-Report-Final.pdf
[5] Crown and Christchurch City Council, Global Settlement Agreement, 23 September 2019, https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Strategies/Global-Settlement/CCC-Release-Global-Settlement-Agreement-23-Septmeber-2019.pdf
[6] The Treasury's advice, reported variously following the earthquakes
[7] A significant programme of assessment and rebuilding followed the Canterbury earthquakes, carried out by the SCIRT alliance. Alliance members included the Council, Christchurch Earthquake Recovery Authority, NZ Transport Agency, McConnell Dowell, Downer, Fletcher Construction, City Care, and Fulton Hogan.

proactive planning for the future. We will continue to build upon the invaluable lessons learned during the rebuild phase and embrace the opportunity to create a more resilient and sustainable infrastructure network, one that anticipates and prepares for future challenges.

Considering the reality of climate change

Climate change is real, and its effects are becoming more evident each year. We're seeing it in the longer droughts, more intense storms, and higher temperatures. As a city, we understand just how critical this issue is. It's not just about the environment; it's about our homes, our health, and our future.

The way we build our city - from the pipes underground to the roads we travel on - needs to reflect this new reality. We're at a point where we must bring a sharper focus to investing with the climate in mind. This means choosing projects that lower our risk when bad weather hits and making sure our community has the green spaces, clean air, and strong buildings it needs to thrive in a changing climate.

This Infrastructure Strategy provides an opportunity to think long-term about how we can live and grow sustainably. As we plan our city's infrastructure, from water to transport to waste management, we need to consider how each decision helps us adapt to climate change or reduce its impact. It's not just about reacting to the problems we face today; it's about preparing our city to be resilient and resourceful for the future.

To support and guide our long-term planning for 2025-34 amidst evolving national legislation, the Council is implementing a 'climate framework'. This framework is designed to inform our infrastructure decisions, ensuring they not only adhere to legal requirements but also support the community be more resilient to the economic, social, and environmental impacts of climate change.

We utilise several tools to understand climate-related risks. The Christchurch District Risk Screening, for instance, points out significant risks in coastal and inland districts, helping prioritise areas that need urgent attention. Another instrument, BraveGen, helps monitor operational emissions, shedding light on our energy consumption patterns and prompting us to explore sustainable alternatives. To increase our resilience to the impacts of climate change, we're running numerous initiatives, like the Coastal Hazards Adaptation Planning, which involves community and Rūnanga collaboration to prepare for coastal climate impacts. We're also revising the Christchurch District Plan to factor in known climate risks, and ensuring urban resilience through strategies like the Greater Christchurch Spatial Plan.

All our service managers are proactively considering climate change impacts on their respective areas. They're analysing emission sources and seeking reduction strategies. An overarching message we're emphasising is the value of early and proactive planning in managing climate risks and reducing emissions effectively.

Social and demographic influences

The age distribution in Christchurch skews slightly older compared to the national median, though notable shifts are anticipated in the coming years. By 2048, we project a twofold increase in residents over 65, with the majority of our population growth centred on those aged 75 and above. Predictions indicate a surge in one and two-person households, accounting for over 80% of new housing demand. Additionally, around 2050, we anticipate 58,000 residents living solo, influencing housing patterns and infrastructure demands, such as those for water systems.

Furthermore, the cultural tapestry of Christchurch is undergoing transformation, marked by an increase in overseas-born residents. Consequently, as the city embraces a wider range of lifestyle and cultural choices, expectations for housing, community amenities, and other services will evolve, mirroring the richness and variety our diverse populace brings.

The Council's infrastructure planning supports the achievement of the urban form by planning for projected demand, both in greenfield areas and infill development. It is noted that the Greater Christchurch Spatial Plan reinforces direction in earlier strategies for growth and anticipates a compact urban form over the long term, focussed on intensification of the existing urban area. A component of intensification will be redevelopment of existing developed land and this is accounted for in the growth modelling.

National Policy Statement on Urban Development

The growth projections are derived from modelling undertaken by Council that informs and is the basis of estimating demand across the city in the Housing and Business Capacity Assessments prepared under the NPS-UD as well as the Long Term Plan. This includes a competitiveness margin over and above projected demand in accordance with 3.22 of the NPS-UD. The methodology behind the modelling is explained in Appendix 2 of the Housing Capacity Assessment.[8]

The LTP Activity Plan for Planning and Consents also expresses how we give effect to national direction including the National Policy Statement on Urban Development through preparation of Housing and Business Development Capacity Assessments (HBAs) and a spatial plan to define the urban form outcomes that infrastructure planning aligns with.

Ultimately, there is alignment in how Council is planning for growth to implement the NPS-UD and the capacity assessments prepared in 2021 and 2023 have informed the LTP as required by the NPS-UD.

Things that matter most to our community

People are the heart of our city, and the Infrastructure Strategy is intended to respond to their long-term aspirations.

Between July 6th and August 13th 2023, we collected community feedback on investment priorities for Council using a participatory budgeting exercise[9]. With 4,000 participants, some common themes arose, but there were also varying priorities among different community groups.

The top five themes identified were:

- Climate Change: Important for all demographics. Fewer participants chose it, but they allocated higher points (67% participants / average 16.2 points).
- Drinking Water: Mainly due to dissatisfaction with chlorination (83% participants / average 14 points).
- Roads and Footpaths: A common concern (71% participants / average 12.8 points), with an interesting emphasis on travel choices (58% participants / average 11.7 points).
- Parks and Gardens: Highly valued (78% participants / average 11.1 points). Special importance was given to areas like Port Hills, Banks Peninsula reserves, Hagley Park, the Botanic Gardens, and local parks and playgrounds.

Additionally, feedback received during the LTP consultation period was strongly aligned with the principles outlined in the Infrastructure Strategy. In particular:

- Sustainable Focus: Feedback had a strong emphasis on environmentally sustainable infrastructure, supporting the Infrastructure Strategy's objective of building long-term resilience and meeting climate goals.
- Proactive Investment: There were consistent calls for increased investment and minimising deferred maintenance, aligning to the

[8] https://www.greaterchristchurch.org.nz/assets/Documents/greaterchristchurch-/HuiHui-Mai/Greater-Christchurch-Housing-Development-Capacity-Assessment-March-2023-v3.pdf
[9] https://letstalk.ccc.govt.nz/whatmattersmost

Infrastructure Strategy's commitment to a balanced approach, ensuring both the upkeep of existing assets and proactive development to meet future needs.

- Fiscal Responsibility: Diverse views on funding highlight the community's awareness of the financial challenges inherent in infrastructure development. The Infrastructure Strategy highlights the need to balance investment with long-term affordability.
- Climate Imperative: Submissions stressing the urgency of climate action reaffirm the Infrastructure Strategy's focus on adaptation and mitigation measures.

This feedback provides a critical perspective on the community's priorities and concerns and has been thoughtfully considered in developing the Infrastructure Strategy. While the feedback has played an influential role, we have also balanced it with other factors such as legislative requirements, strategic goals, and the broader context of community needs. The survey, therefore, has been one of several important components that inform our decision-making as we chart the future course for our infrastructure.

Partnering with mana whenua

In partnership with Ngā Papatipu Rūnanga, the Council acknowledges the intertwined histories, values, and aspirations that shape Ōtautahi Christchurch. We recognise the takiwā of Ngāi Tūāhuriri Rūnanga, Te Hapū o Ngāti Wheke, Te Rūnanga o Koukourārata, Ōnuku Rūnanga, Wairewa Rūnanga, and Te Taumutu Rūnanga within our district. Since 2015, the relationship anchored by the Te Hononga Council – Papatipu Rūnanga Committee ensures both governance and ongoing kōrero between the Council and these Rūnanga.

Guided by the principles of partnership, the mana whenua values of Ngāi Tahu and Papatipu Rūnanga are woven into our infrastructure planning, aligning with our commitments under the LGA and the Resource Management Act 1991. The Mahaanui Iwi Management Plan and insights from the Rūnanga further inform our path.

In 2023, Ngā Papatipu Rūnanga shared their priorities during the early phases of the LTP, many of which are rooted in infrastructure. These insights reflect the shared desire to nurture the wellbeing of the land and its people. These included:

- Enabling and providing affordable housing
- Access to safe drinking water supply and sources, protection of water sources; water quality monitoring
- Management of stormwater systems to protect land and property, waterways and mahinga kai; sediment reduction.
- Protection and enhancement of reserves and native biodiversity
- Adaptation planning by and with local communities and marae at risk of coastal hazards
- Fit-for-purpose infrastructure, such as roads, footpaths and wharves, that enable access to local areas, sites of significance, waterways and coastal waters
- Exploration of potential transfer of Council-owned land of importance to mana whenua

These priorities, along with others, will be raised as part of the ongoing partnership commitment and korero between the Council and Ngā Papatipu Rūnanga and will help shape our investment in infrastructure for today and our future generations of guardians of our wai and whenua.

MANAGING OUR INFRASTRUCTURE

We invested $431 million in 2022-23 to the maintenance, renewal, and development of various infrastructure assets. Due to this substantial expenditure, there's a need for solid methodologies to monitor and manage these assets throughout their life—from planning to disposal. Understanding an asset's performance and condition helps us prioritise investment towards maintaining infrastructure to required service levels and supporting efficient maintenance and adjustments for climate change.

Day to day, we do this via our Asset Management Plans and Activity Plans[10].

Asset Management Plans (11 in total), dive deep into the specifics of each infrastructure asset—where it's located, its current value, where it is in its lifecycle, and its condition, including how it might be affected by climate change. The focus of the Asset Management Plans is on optimising how we manage these assets. These plans also give us a picture of expected spending and the investment we'll likely make for each type of asset.

Activity Plans[11] (40 in total), lay out the services the Council provides, and the assets required to deliver those services. Each plan articulates the Levels of Service we will provide, which helps us understand the investment needed to deliver on the commitments in the Long Term Plan (LTP). They also point out if there's any change in the quality of services and how that might affect the wellbeing of our community.

This Infrastructure Strategy pulls everything together. Using the information from both the Asset Management Plans and Activity Plans, this strategy summarises our big-picture approach to infrastructure investment for the next three decades.

Assessing condition

We use a range of tools to understand the condition of our assets, including the Asset Assessment Intervention Framework (AAIF) for understanding the condition of our water, wastewater and stormwater pipes and the RAMM database to capture data (including about condition), of transportation assets.

We are also undergoing an SAP Improvement Programme (which is our core enterprise software to manage business operations), which will lead to Council using best practice data standards, along with a mobile solution to support data capture by internal teams. We are also working with our maintenance partners to integrate their data into our SAP Asset Management System.

Renewing our assets

Key assets managed by the Council include water supply, wastewater, stormwater, roads and footpaths, parks and community facilities. It is critical that planning is in place to renew these assets at the right time in their lifespan before they fail or are no longer fit-for-purpose.

This renewal process is managed in several ways. For water, wastewater, and stormwater pipes we use the Asset Assessment Intervention Framework (AAIF) model. For other assets we manage renewals by balancing age and condition of the asset, but also taking account of criticality. This ensures that risk is managed through a prioritisation process, rather than simply renewing assets that are still fit for purpose, or less critical to the city than others.

[10] https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/plans/long-term-plan-and-annual-plans/long-term-plan-2024-to-2034/

The planned expenditure set aside for asset renewal over the life of this LTP is in the range of 40-96% of depreciation across the various infrastructure activities, which is common across local authorities. The Council is well-positioned to manage any issues arising from the gap between planned expenditure and depreciation by using two different approaches. The criticality processes mentioned above (use of performance and maintenance data, regular condition checks and prioritisation) will ensure that critical renewals occur.

Secondly, Council's strong balance sheet means that any renewals that may arise in the gap between expenditure and renewal can be funded through debt.

These two approaches mean that levels of service that rely upon these assets are expected to be maintained across the life of the LTP and their performance standards have been set accordingly.

It is worth noting that two activities are planned for a lower level of renewal during this LTP. Planned renewals expenditure as a % of depreciation over the LTP period for wastewater is at 60% and stormwater at 40%.

Context is crucial to this proposed approach. Both wastewater and stormwater have been the subject of intense focus from the Council and central government since the Canterbury earthquake sequence. Over the past nine years expenditure on wastewater has been at a far higher rate than normal (a total of 162% of depreciation) while stormwater has also been at double the normal rate over those years (203%.) While this level of investment is unusually high, it reflects the post-quake needs of the city.

The strategy for managing the proposed renewals approach for wastewater and stormwater has three parts. Firstly, the very high rate of expenditure in the decade before this LTP, combined with a significant increase in renewals in later years of the proposed 2024 LTP, mean that these assets can be renewed at a reduced rate during the interim years without significant impact on levels of service.

Secondly, the criticality processes mentioned above around use of performance and maintenance data, as well as condition checks, ensure that critical renewals will occur.

A three waters example where we are working to re-balance our capital spending is the watermain renewal program. Over the LTP planned expenditure increases each year from $30M in year one to $43M in year ten (uninflated figures). The planned expenditure allows the program to increase the momentum in renewals, whilst remaining affordable.

Finally, Council's funding options mean that any critical renewals and repairs not planned for are able to be funded.

Transport Renewal Approach

In managing our transport infrastructure, we use a blend of data, including the age and condition of assets, to shape our renewal programs. This strategic approach ensures we renew assets at the optimal point in their lifecycle, prioritising critical assets such as arterial roads over less critical ones like cul-de-sacs. This method aligns with both the One Network Framework from NZTA and the Department of Internal Affairs' service level requirements. Our goal is to renew 5% of the road network each year, ensuring 100% renewal occurs long before the 30 year life of the IS. The first few years of the Long-Term Plan (LTP) detail specific projects, while later years are planned at a more general program level, a common practice among metropolitan authorities.

Three Waters Renewal Approach

For Three Waters (drinking water, wastewater, and stormwater), our early LTP years (2024-27) outline specific renewal projects, transitioning to broader program-level planning in later years. Our renewal strategy is informed by assessing asset conditions and employing predictive models, such as AAIF. This ensures renewals are both achievable and financially sustainable. However, it's important to note that the funding allocated in the Long-term Plan does not aim to renew all assets before they fail. Such a comprehensive approach would be neither economically feasible nor practical. Instead, renewals are prioritised based on asset criticality, with more significant assets like major water mains along state highways being renewed proactively. Funding over the 30-year infrastructure strategy period is calibrated to meet these strategically determined renewals, ensuring a balanced and sustainable management of our infrastructure.

Our infrastructure assets at a glance

Water supply

The Council supplies potable drinking water to approximately 160,000 residential and business customer connections, through seven urban water supply schemes and six rural water supply schemes. Our drinking water infrastructure includes 1,700km each of mains and sub-mains, 108 reservoirs and tanks, 127 pump stations, 172 wells, seven stream intakes and water treatment plants.

Wastewater – collection, treatment, and disposal

The Council collects, treats, and disposes of wastewater from approximately 160,000 customers. This is achieved through 945km of laterals, nearly 2,000km of wastewater mains, 150 pump stations, 84 lift stations, and 34 odour control sites. We provide treatment at eight wastewater treatment plants and disposal through one outfall pump station, six ocean/harbour outfalls, and two land integration schemes. 98% of wastewater generated within Christchurch is serviced by the Christchurch wastewater network for treatment at the Christchurch wastewater treatment plant.

Stormwater drainage, flood protection and control works

Key physical assets include underground conveyance networks (915km of pipes, manholes, sumps, inlets and outlets), open channels and overland flow path (natural waterways such as rivers, streams, creeks, constructed drainage channels, in-channel structures, lining and retaining walls), 45 pump stations and water flow control devices and structures such as valve stations, 12km of stop banks, tide gates and basins, water quality treatment devices such as basins (710), wetlands, tree pits, raingardens, filtration devices, and hydrometric monitoring devices, measuring rainfall along with surface water, sea and groundwater levels.

Transport – roads, footpaths, active travel, public transport

We own, plan, and manage the 2,500km local roading network that supports all transport activities. Council will continue to operate and optimise the public road network to provide an efficient, safe, and sustainable network for all users to all parts of the city.

Facilities

We manage a wide range of facilities across Christchurch and Banks Peninsula, including our network of recreation and sports facilities, the art gallery, museums, our network of libraries, community centres, community housing, and early learning centres.

Council’s newly adopted Strengthening Communities Together Strategy and its associated implementation plan guides our work and investment in this area as we align the strategy goals with levels of service, reporting and accountability processes across the organisation.

Parks

The Parks Unit manages around 1,250 sites, covering over 9,378 hectares of park land and improvements. Our Regional Parks continue to deliver biodiversity and recreation programmes and investment in these areas continues.

Solid waste and recycling

Assets covered under the Resource Recovery activity are mostly managed through operations and maintenance contracts, which include individual asset management processes and a return of assets at the end of the contract. These assets include transfer stations and community collection points, a material recovery facility, an organics processing plant, the Burwood landfill (gas collection and treatment plant), and 50 closed landfills owned by the Council (with a further 80 across the district).

TAKING A STRATEGIC VIEW OF OUR INFRASTRUCTURE NEEDS

This strategy has identified four significant strategic challenges that underpin all our infrastructure assets and outlines the actions Council will take to fix them.

Planning for our city's infrastructure goes beyond just building and maintaining. It's about making sure our community is set up for success now and in the future, by thinking ahead and tackling challenges as they come. This means using the latest data and technology to make smart choices that will keep our city going strong for many years. It's all about understanding what we need right now, and in the future, and being ready to make decisions to meet those needs. We're focused on keeping our city running well for everyone, making sure we spend wisely, and our plans match what our community wants.

Beyond the tangible assets lies a broader challenge – the impending impacts of climate change and the need for sustainable growth. We cannot ignore the ever-present risks posed by natural hazards, and it's critical that our infrastructure can stand resilient against such challenges. On the other hand, as our city grows, we must navigate this growth conscientiously. Urban growth needs to align with our commitment to a sustainable, low-emission future.

Identifying our significant strategic challenges

1: Understanding our infrastructure and its needs: There's a pressing need to refine our data collection methods and harness asset data effectively for evidence-based decisions, ensuring they align with community priorities.

The quality of our current systems for understanding asset condition varies across asset groups, some of which are well behind best practice standards. New technologies like the use of digital twins for planning, construction and maintenance are shown to significantly reduce whole of life costs of infrastructure by allowing us to model the impact of time and changes on our infrastructure. We need to be able to rely on accurate asset condition information so that we can forward plan our renewals programme, and associated funding requirements. Data helps us decide our priorities, identify what is most critical, and directs us how and when to respond.

Challenge	Impact
Diversity of our portfolio and expectations around data collection	Maintenance of information on condition including costs and maintenance is inconsistent, this limits our ability to understand the big picture and respond to opportunities
Keeping up with technology advances in data collection and management	Reduced ability to collect and analyse information in a timely way
Incomplete data provides poor evidence for decision making	Reduced confidence when decision making and reliance on less rigorous methods

How can we improve data collection and the way we use it in evidence-based decision making for our communities?

2: Looking after what we've got, and delivering what we say we will: How to balance enhanced deliverability and affordability without compromising the attention and care our existing assets require.

We are working proactively to re-balance our capital and operational spending to address renewals that have not been occurring fast enough to meet the needs of the city's networks. For example, returning the city's roads to pre-quake condition would have taken many decades at the rate set by the 2018 LTP (2% renewal per annum.) That legacy of underspending has been addressing by doubling road renewals to 4% in years 1 and 2 of the proposed LTP, increasing to 5% thereafter.

In addition to this we apply a criticality overlay to ensure we are renewing our assets at the appropriate time (i.e. prioritising the renewal of our critical assets). We are also working towards having processes across all assets that enable us to be responsive to the changing (and growing) needs of our community (prioritising the basics). Our challenge is to make the right decisions to prioritise and invest our limited resources based on a data-driven approach to decision making – to work smarter, more efficiently and effectively for our community.

Challenge	Impact
Increasing costs and regulatory changes reduce affordability and deliverability	Maintenance has been deferred resulting in a larger number of assets in poor condition and an increase in unplanned maintenance.
Reduced deliverability	Reduced community satisfaction, assets again beyond acceptable limits

How do we improve deliverability and affordability, whilst still prioritising our existing assets?

3: Ensuring resilience to the impacts of climate change and natural hazards: In the face of ever-changing environmental context, we must determine and act upon the immediate, and long-term, actions required to reinforce the resilience of our infrastructure and the communities they serve.

A lack of consistent data about greenhouse gas emissions and vulnerability to hazards and risks for some of our infrastructure compromises our ability to make well-informed decisions that will future-proof infrastructure and risks maladaptation. Strategic decisions need to be made about the location, maintenance, and renewal of infrastructure so that communities can live safely. By prioritising maintenance and renewals that are fit-for-purpose in the future we can contribute to Christchurch being a low emission city and making sure growth occurs in low-risk areas.

Challenge	Impact
Limited understanding how climate change is impacting the condition of assets	Low rigour when planning maintenance, renewal, and new infrastructure investments.
Embedding prioritisation of investment decisions in a way that improves infrastructure resilience	Scarce $ are spent without a clear understanding of realistic lifespan

What are the urgent actions we need to take to adapt and increase resilience of our infrastructure and community?

4: Planning and investing for sustainable growth: Growth is inevitable, meaning there is a pressing need to identify and adopt optimal pathways to couple urban growth with a transition to a low-emission future.

Our city is on a trajectory of growth and we need to ensure that this growth does not come at the expense of our environment or the well-being of our residents. Traditional models of urban development have often prioritised short-term gains over long-term sustainability. This has led to increased emissions, strained resources, and imbalances in the quality of life offered to different parts of our community.

Challenge	Impact
Investment for growth needs to take into account a range of factors and interests	Increasing complexity and need for joined up planning and investment for growth
Changes in housing density requirements	Infrastructure capacity is outmatched by growth
Meeting our commitments re climate change while growing our infrastructure	Implementation and management of infrastructure not in step with emissions reduction activities

What are the best ways for us to respond to growth and simultaneously become a low-emission city?

OUR STRATEGIC RESPONSE TO OUR INFRASTRUCTURE CHALLENGES

Understanding and addressing our city's infrastructure needs is no small task. As we look ahead, it's essential that we make informed, forward-thinking choices that guide us over the next 30 years. This section delves into our chosen approach to tackle the key challenges and opportunities we've identified.

The actions outlined below have been developed through a lot of engagement, planning, and analysis of asset data. We've drawn from our strategic framework, especially focusing on the outcomes our community wants and our key strategic policies. Our city's representatives have weighed in with their perspectives, ensuring we're aligned with the community's aspirations. Furthermore, the valuable input we received during the development of the Long Term Plan has been crucial, giving us insight into services and their intricacies.

With this foundation, below are our primary action areas. These are essentially our strategic response — the core actions and principles we'll use to make sure we're taking the best care of what we have, while also investing smartly for Christchurch's future.

Options for responding to our strategic challenges

We propose to concentrate on four action areas, each of which includes the things we need to do when deciding how to manage our assets, prioritise investment and deliver programmes and projects. They will also be used to guide Council’s consideration of infrastructure investment for the next 30 years.

Significant Challenge	Our Actions in Response
Understanding our infrastructure and its needs. *How can we improve data collection and the way we use it in evidence-based decision making for our communities?*	**1.** Build the framework for decisions, starting with improved consistency and quality of data
Looking after what we’ve got, and delivering what we say we will. *How do we improve deliverability and affordability, whilst still prioritising our existing assets?*	**2.** Embed long-term sustainability and affordability into planning
Ensuring resilience to the impacts of climate change and natural hazards. *What are the urgent actions we need to take to adapt and increase resilience of our infrastructure and community?*	**3.** Make well informed decisions about infrastructure in vulnerable areas and consider climate risks in all planning
Planning and Investing for Sustainable Growth. *What are the best ways for us to respond to growth and simultaneously become a low-emission city?*	**4.** Invest in and supporting sustainable growth

Action area 1: Build the framework for decisions starting with improved consistency and quality of data (years 1-3).

Across the organisation:

- Ensure Asset Management activity is effectively resourced.
- Deliver the 2023 Asset Management Maturity Assessment (AMMA)
- Deliver Asset Management Improvement programmes based on the AMMA assessment and the needs of the service units.
- Ensure that Asset Management is organisationally reinforced, and roles and responsibilities are clear at business unit level.
- Ensure a centralised Asset Management System (AMS) is available across the organisation and provides consistent information (through our SAP software Improvement programme).
- Develop and deliver consistent condition and performance assessment programmes organisational-wide.
- Prioritise optimal asset renewals within the capital and operational programmes using quality asset condition data.

Action area 2: Embed long-term sustainability and affordability into our planning.

- Right size the scale of our Capital Programme, to ensure it is deliverable and affordable while providing efficient and cost-effective infrastructure and services.
- Prioritise funding to the renewals programme.
- Support a more integrated system approach to the planning and delivery of capital projects.
- Budget for whole-of-life operating costs of assets in projects.
- Consider divestment of surplus and under-utilised land/facilities.

Action area 3: Make well informed decisions about infrastructure in areas vulnerable to climate and natural hazard risks and consider climate risks in all planning.

- Develop and apply guiding principles to investment decisions.
- Prioritise adaptation planning with climate-impacted communities.
- Increase climate risk and emission data quality, and strengthen our capability to use this data in our decision making.
- Prioritise options for lower emissions and enhanced resilience at project initiation stage.

Action area 4: Invest in and support sustainable growth.

- Support a more integrated system approach to the planning and delivery of capital projects.
- Partner and collaborate with central government, developers, mana whenua and communities to identify and take opportunities to invest in infrastructure.
- Prioritise investment in infrastructure that promotes active travel, public transport usage and road safety.

How will we know we are on the right path?

Moving forward with these action areas is a long-term programme, and tracking implementation and impact is critical. We need to make sure we're going in the right direction and adjust our approaches if something changes, or we aren't getting the results we expect.

We will develop a fit for purpose approach to help us manage implementation and track our progress. This approach, or "framework", will help us see how well we're doing and where we might need to make changes. It's like having signposts on our journey to make sure we're on track. And, it's not just for us – it's a way for everyone in the community to see how things are going, what's working and what might need a rethink.

We anticipate being able to report on progress in future iterations of the Infrastructure Strategy, and will seek ways to integrate progress reports within our current systems.

Timeline of how we will implement our strategic response over the lifecycle of the Infrastructure Strategy

For the first three years, at least, of this Strategy's implementation, our strategic response and asset investment decisions are shaped by:

- Improving our understanding of our infrastructure so we can make the best investment decisions for our community.
- Refining our capital programme delivery, emphasising sustainable asset maintenance.
- Enhancing planning and project delivery processes, ensuring comprehensive project cost analysis.
- Assessing asset utilisation for potential divestment.
- Developing and embedding guiding principles for climate-conscious investments, enhancing community planning for adaptation, improving Council's climate knowledge, and initiating low-emission and resilient infrastructure tools.
- Partnering with the community to identify and prioritise infrastructure investments so we can sustainably grow and meet changing demands.
- Developing and implementing a monitoring and reporting framework so we can track our progress towards our strategic goals.

This will set the foundation for us to make confident, long term infrastructure investment decisions that support sustainability, growth, and best value for money. More detail can be found in the timeline below.

Look after what we've got, and deliver what we say

	Short term (years 1 -3 of the LTP)	Medium term (years 4-10 of the LTP)	Long term (years 11-30 of the LTP)
$	Scale the size of our capital programme to ensure it is deliverable		Continue to right-size the capital programme through subsequent LTPs
$	Prioritise capital and operating funding to the renewals and maintenance programme so we can sustainably look after our existing assets		Continue to prioritise the renewals and maintenance programme long-term
$	Investigate systemic process change to planning and delivery of capital projects	Implement systemic process change to planning and delivery of capital projects	Review and adjust processes if required, so they support smart project delivery
$	Require whole-of-life operating costs be provided for consideration of all projects	Update budgets as required to account for whole-of-life operating costs in all projects	Ensure whole-of-life operating costs are consistently identified and budgeted in projects
$	Consider opportunities for divestment of under-utilised land and facilities	Continually investigate opportunities for divestment, including exploring partnership and locally-driven initiatives, through Annual Plans and Long Term Plans	

Ensure our infrastructure is resilient to impacts of climate change and natural hazards

	Short term (years 1 -3 of the LTP)	Medium term (years 4-10 of the LTP)	Long term (years 11-30 of the LTP)
	Apply guiding principles to investment decisions: continue to meet legal obligations; take a 'first do no harm' approach; consider deferring renewals/replacements of non-critical assets in medium-high risk areas; prioritise sustainable risk reduction approaches, and nature-based solutions	Apply national directives, relevant legislation and Council asset and adaptation response policies developed in the first three years of the LTP, to decisions relating to coastal and natural hazards' adaptation, that will increase community and infrastructure climate resilience	
	Increase planning with climate-impacted communities for local adaptation pathways	Prioritise engagement across the city on the challenges ahead in responding to climate change impacts, while continuing community-based adaptation planning	Allocate adequate funding in subsequent LTPs to address the findings of community engagement and local adaptation pathways, to avoid intergenerational inequity
	Increase Council knowledge, data and capability in understanding the effects of climate risks and emissions' reduction, particularly through piloting key projects	Use increased knowledge and data to make decisions based on the effects of climate risks and emissions' reduction	Expand pilot projects that show effectiveness and provide further funding for key systems and processes that embed knowledge, data and capability in Council
	Develop assessment tools and guidance material so that options for low emission impact and enhanced resilience for new and renewed infrastructure can be included at project initiation phase	Require information on/assessment of options for low emission impact and enhanced resilience for new and renewed infrastructure to be included at project initiation phase	Make decisions on infrastructure projects based on the potential for low emission impact and enhanced resilience

<table>
<tr><th colspan="4">Plan and invest for growing and changing demand</th></tr>
<tr><td></td><td>Short term (years 1 -3 of the LTP)</td><td>Medium term (years 4-10 of the LTP)</td><td>Long term (years 11-30 of the LTP)</td></tr>
<tr><td></td><td colspan="2">Identify and prioritise integrated infrastructure planning that stimulates regeneration in prioritised local areas - supporting liveable neighbourhoods and business growth</td><td>Extend and continue local regeneration programmes</td></tr>
<tr><td></td><td colspan="3">Partner and collaborate with central government, developers, mana whenua and communities to identify and take opportunities to deliver, adapt, enhance or divest infrastructure</td></tr>
<tr><td></td><td>Identify opportunities for investment in infrastructure that promote active travel, public transport usage and improved road safety, and to ‘hub’ facilities and services</td><td colspan="2">Prioritise funding to projects that support our transition to a low emission city</td></tr>
<tr><td></td><td>Identify and prioritise projects that attract central government funding</td><td colspan="2">Continue to prioritise external funding opportunities, while also exploring alternative funding models, such as user pays, as a means to deliver infrastructure</td></tr>
<tr><th colspan="4">Improve our understanding of our infrastructure so we can make the best investment decisions for our community</th></tr>
<tr><td></td><td>Short term (years 1 -3 of the LTP)</td><td>Medium term (years 4-10 of the LTP)</td><td>Long term (years 11-30 of the LTP)</td></tr>
<tr><td></td><td>Identify and implement improvements for how we collect, collate and use data</td><td>Review and maintain process and systems improvements</td><td>Maintain consistent and integrated data across Council to inform decision-making</td></tr>
<tr><td></td><td colspan="3">Partner with other councils, central government and the private sector to share and improve data processes and systems; identify and trial forward-facing technologies; and maximise any external funding opportunities</td></tr>
<tr><td></td><td>Improve our capture and understanding of social and cultural data</td><td colspan="2">Use improved social and cultural data to inform planning and decisions relating to climate change, city growth and demand on our infrastructure</td></tr>
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SIGNIFICANT DECISIONS WE NEED TO MAKE IN THE NEXT THREE YEARS

The Council will need to make some critical decisions regarding our future infrastructure investments, particularly over the next decade.

Implementing “Local Water Done Well” reforms

Decision required in years 1-3

The passing of the Water Services Acts Repeal Bill on 13 February 2024 marked a significant shift in the landscape of water service management in New Zealand. It directly affects how local governments, including ours, will approach water services moving forward.

This legislative change has repealed the previous government’s framework for water services, which is to be replaced by the Local Water Done Well approach. This new direction will unfold through new legislation expected in the middle of 2024. This will aim to enable councils to reconfigure their water service delivery in a financially sustainable way by mid-2024 and then to mandate the establishment of financially independent council-controlled organisations (CCOs) for water management by mid-2025.

The Council must now integrate these changes into our 2024–34 LTP and consider the impacts for future Infrastructure Strategies. Significantly, the shift away from central government providing direct financial assistance for water service delivery will require us to investigate collaborative models and partnerships, that will support efficient and cost-effectiveness water service management.

While there is still some uncertainty on how this will unfold, we are continuing to focus on protecting our water supply, and ensuring Christchurch’s water is safe and secure. We are also continuing to invest in the infrastructure required for the collection and disposal of wastewater and stormwater.

SUMMARY OF OUR INFRASTRUCTURE INVESTMENT OVER THE NEXT 30 YEARS

The next 30 years are going to be about making our infrastructure more resilient and prepared for changing conditions and growth. At the same time, we want to support the health and wellbeing of our communities by addressing things like climate change and reducing harmful emissions.

This is where our most likely 30-year infrastructure investment scenario helps us out – informed by the detailed planning and analysis within our Asset Management Plans, it provides an overarching view of where we intend to concentrate our activity and allocate resources over the next 30-years.

For the first 10 years, our plans are detailed in LTP 2025-34, which sets out specific projects we're aiming to complete, which is supported by the Council's Financial Strategy. This ensures we balance financial prudence and moving our city forward effectively. After that, for the next 20 years, our Asset Management Plans provide the longer term detail. These describe what we intend to build or improve and when – and signals what we need to consider in future planning cycles.

Basis of our most likely infrastructure investment scenario

Our four action areas, set in response to our significant strategic challenges, will set the framework for how we address our major infrastructure challenges ahead. We are also taking into account certain assumptions reflecting:

- Christchurch's progression over the forthcoming 30 years.
- Predicted surges or declines in service demands.
- Insights into the lifecycle of our assets and the ensuing implications on their condition and renewal strategies.
- Necessary initiatives for the improvement and replacement of assets to ensure they support our agreed service standards.
- Estimated costs for this infrastructure development and the Council's expected position over the next three decades.

This outlined scenario derives insights from the specific Asset Management Plans and Activity Plans[12].

Looking at the scenario across all assets

Based on our Asset Management Plans, our most likely infrastructure investment scenario anticipates that we'll need to invest $24.67 billion[13] (after inflation adjustments) across the upcoming 30 years. The first 10 years offers a confident budget breakdown, whereas the next two decades provide broader estimates so we can anticipate accordingly.

In the first decade, our projected spending is outlined in the LTP. Our main goals are to looking after the assets that we've got, ensuring resilience to the impacts of climate change and natural hazards, and planning and investing for sustainable growth. We do this by applying a criticality overlay across our assets to ensure we are renewing them at the appropriate time (i.e. prioritising the renewal of our critical assets).

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[12] https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/plans/long-term-plan-and-annual-plans/long-term-plan-2024-to-2034

[1313] Note: this figure is less than the overall Capital Programme, as it excludes Te Kaha, Corporate Capital, Regulatory and Compliance, Strategic Planning and Activities, and Internal Activities. This also applies to any subsequent breakdowns or asset specific projections.

We expect to spend between $491 to $631 million each year for the first three years, and $573 to $627 million for the following seven years. This budget includes replacing existing assets, meeting additional demand, and improving the level of service.

From year 11 to 30, our financial predictions come from our Asset Management Plans. These numbers might change based on things like improved asset condition data, changes in growth, new rules and regulations, changes in how we fund projects, and as we get more details about specific projects. For these years, our predictions for day-to-day running costs are based on current prices adjusted for expected inflation and growth.

Reconciling planning horizons: 30-year view of the Infrastructure Strategy versus the 10-year view of the Long Term Plan

The Infrastructure Strategy considers the 30-year view taken in our Asset Management Plans, which detail our activity and the most likely investment required over the next 30 years. This is a bigger picture compared to the LTP and Financial Strategy, which focus on the budget for the next 10 years.

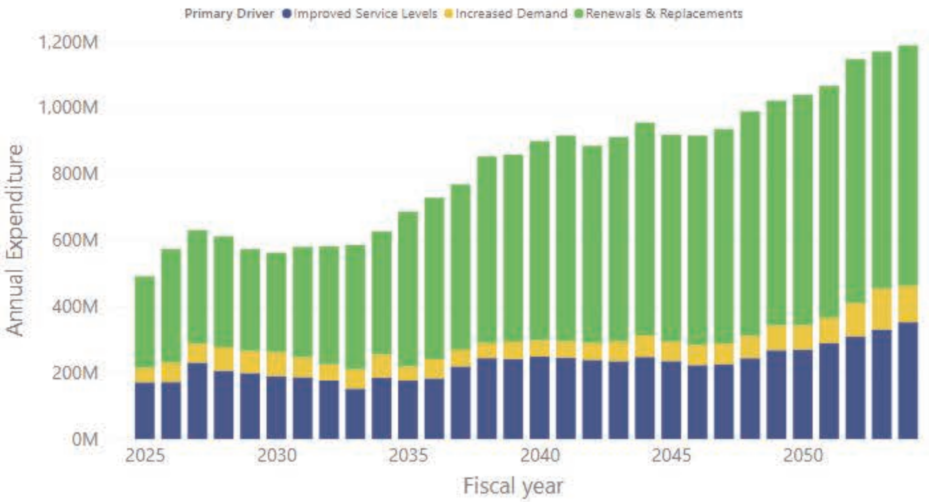
For the coming decade, our Financial Strategy expects rates to go up initially. This is to pay for important projects, but the plan is to bring these rate increases down and keep them steady as we get towards the end of the LTP period. On the other hand, our Infrastructure Strategy looks further ahead and expects we'll need to spend more on infrastructure after these 10 years. This difference means that when we start working on the next set of plans in 2027 – the next Infrastructure Strategy, Financial Strategy, and LTP – we'll have some big decisions to make. We'll need to figure out how to keep things affordable while making sure we meet the growing need for better and more infrastructure.

Projected capital investment over the next 30 years (Inflation adjusted, 2025-2054)

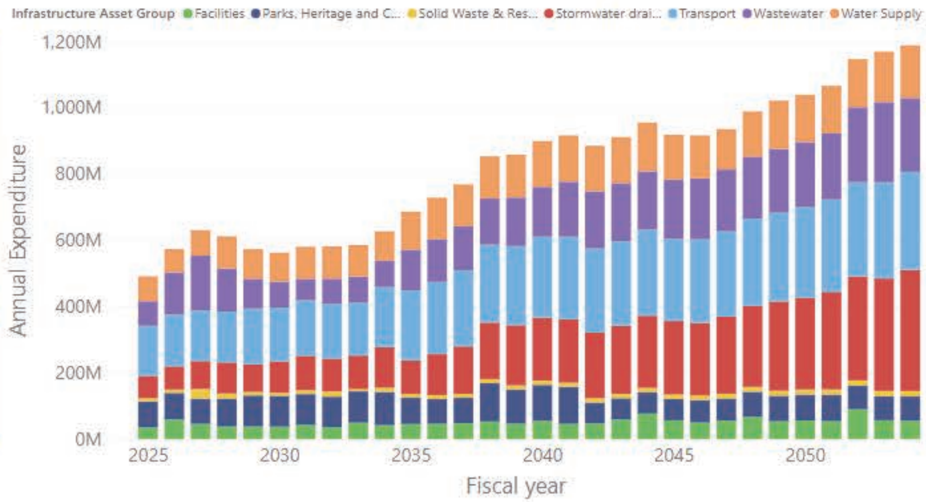
Primary Driver	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Improved Service Levels	171M	172M	231M	206M	199M	190M	187M	177M	152M	186M	177M	183M	219M	244M	242M
Increased Demand	43M	58M	56M	71M	67M	72M	59M	49M	59M	69M	42M	58M	50M	45M	51M
Renewals & Replacements	277M	343M	343M	335M	307M	300M	334M	356M	375M	372M	467M	488M	499M	564M	565M
Total	**491M**	**573M**	**631M**	**612M**	**573M**	**562M**	**580M**	**581M**	**586M**	**627M**	**686M**	**729M**	**769M**	**853M**	**858M**

Primary Driver	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total
Improved Service Levels	249M	246M	239M	235M	248M	235M	223M	226M	244M	268M	269M	289M	309M	331M	353M	**6,901M**
Increased Demand	49M	49M	51M	59M	65M	58M	60M	62M	67M	75M	75M	76M	101M	123M	109M	**1,929M**
Renewals & Replacements	601M	622M	595M	617M	642M	625M	633M	647M	678M	678M	695M	700M	736M	715M	726M	**15,836M**
Total	**899M**	**916M**	**885M**	**911M**	**955M**	**918M**	**916M**	**935M**	**989M**	**1,021M**	**1,039M**	**1,066M**	**1,146M**	**1,169M**	**1,188M**	**24,667M**

Capital investment by primary driver (2025-2054)



Capital investment by asset group (2025-2054)



Projected Operating Expenditure (2025-2034)

Infrastructure Asset Group	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Facilities	317M	184M	193M	190M	199M	206M	210M	216M	219M	223M	**2,157M**
Parks, Heritage & Coastal Environment	176M	92M	98M	101M	104M	106M	109M	112M	115M	118M	**1,129M**
Solid Waste & Resource Recovery	105M	56M	59M	58M	62M	64M	66M	69M	72M	75M	**686M**
Stormwater drainage, flood protection and control works	137M	73M	77M	80M	84M	87M	91M	94M	97M	100M	**919M**
Transport	144M	77M	97M	119M	141M	149M	160M	171M	173M	186M	**1,416M**
Wastewater	291M	150M	157M	173M	182M	188M	193M	198M	202M	206M	**1,940M**
Water Supply	190M	101M	107M	112M	116M	120M	124M	128M	132M	134M	**1,264M**
Total	**1,358M**	**733M**	**787M**	**833M**	**889M**	**919M**	**953M**	**988M**	**1,009M**	**1,042M**	**9,511M**

Note: these figures are less than the overall Capital Programme, as it excludes Te Kaha, Corporate Capital, Regulatory and Compliance, Strategic Planning and Activities, and Internal Activities.

ASSET SPECIFIC EXPENDITURE PROJECTIONS

Water supply

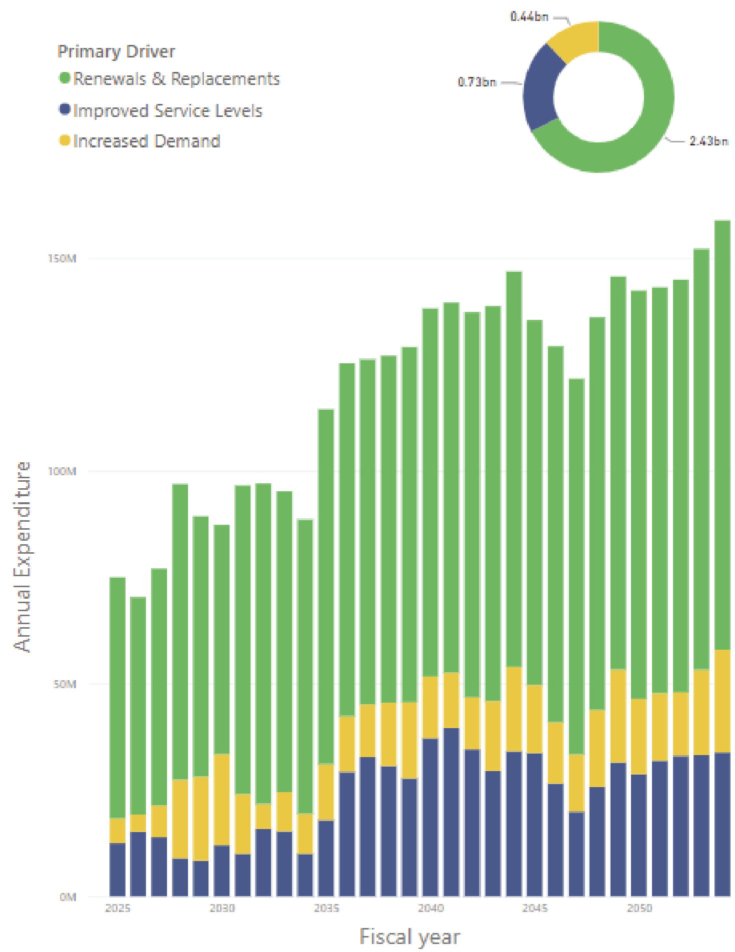
Our commitment is to deliver a high-quality, clean, safe, and sustainable drinking water supply to approximately 160,000 homes, businesses, and industries. Our water supply assets, including water treatment plants, pump stations, reservoirs, and reticulation networks, hold a total replacement value of $2.87 billion.

We own, plan, manage and operate three urban and four rural water supply schemes supplying water to Christchurch City and Lyttelton Harbour Basin, Akaroa and Takamatua, Duvauchelle, Wainui, Birdlings Flat, Little River and Pigeon Bay.

We aim to protect the community from water-borne diseases and ensure our water supplies meet rigorous safety and health risk standards. Our goals extend to contributing to safe and healthy communities, providing top-quality drinking water, using resources sustainably, and maintaining modern, robust infrastructure and facilities.

Snapshot of planned projects and programmes over the next 10-years[14]	
Reticulation Renewal Programme	$493m
New and Upgraded Pump Stations Programme	$182m
New Chlorination Equipment	$51m
Ferrymead Water Supply Zone Upgrade	$22m
Averill Pump Station Replacement	$18m
Kerrs Pump Station Replacement	$17m
Koukourārata Drinking Water Scheme	$11m

Capital Expenditure Over 30 Years (Inflation Adjusted)



Fiscal Year	Inflated Forecast
2025	75M
2026	70M
2027	77M
2028	97M
2029	89M
2030	87M
2031	97M
2032	97M
2033	95M
2034	89M
2035	115M
2036	125M
2037	126M
2038	127M
2039	129M
2040	138M
2041	140M
2042	137M
2043	139M
2044	147M
2045	135M
2046	129M
2047	122M
2048	136M
2049	146M
2050	142M
2051	143M
2052	145M
2053	152M
2054	159M
Total	**3,607M**

[14]For more detailed information (including assumptions), please refer the *Water Supply* Activity Plans and Asset Management Plans.

Stormwater drainage, flood protection, and control works

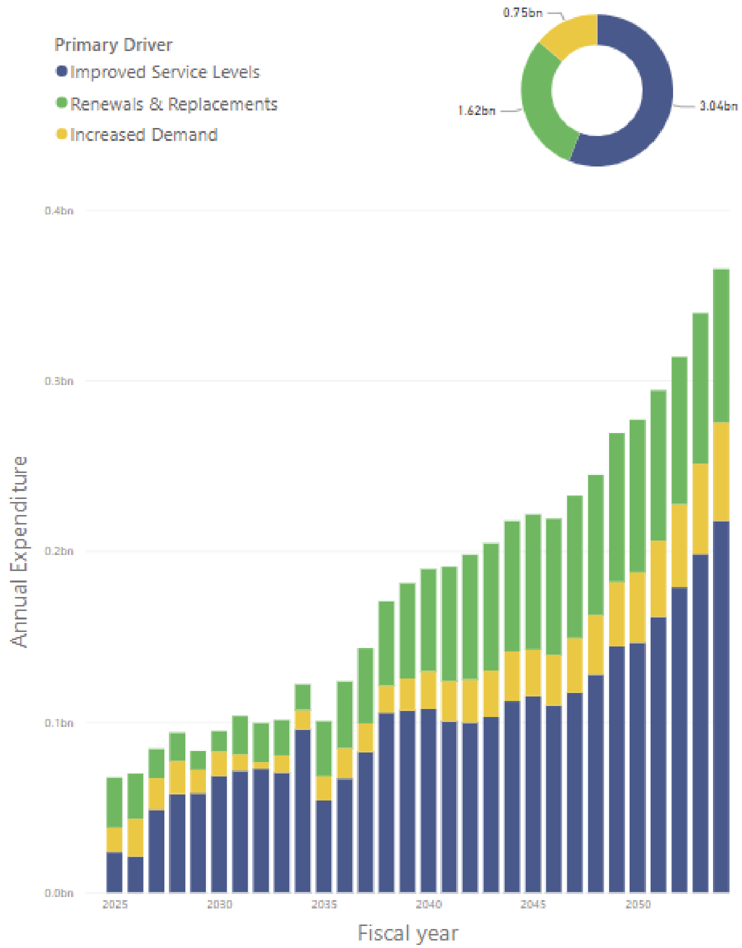
We own and are responsible for planning, constructing, and managing the city's stormwater disposal network and flood protection and control assets. The stormwater network is designed to collect and channel water during rainy periods, integrating secondary flow paths like roads. Our flood protection efforts focus on maintaining floodplains and related infrastructure to enhance surface water quality.

Notably, some Council-owned stormwater and flood protection assets fall under other asset groups: Transport oversees street drainage assets, including sumps and pipes, while Parks and Foreshore manage assets like sea walls.

Our investment prioritises our ability to meet established service levels by maintaining and renewing our assets, investing capital to cater to growth demands (both in greenfield and infill developments), and improving stormwater discharge quality to mitigate waterway degradation. This ensures a resilient, efficient, and sustainable infrastructure system for Christchurch.

Snapshot of planned projects and programmes over the next 10-years[15]	
Flood Protection: Surface Flooding Protection Programme	$183m
Flood Protection: Pūharakekenui -Styx Detention and Treatment Programme	$106m
Flood Protection: Ōtākaro - Avon Waterway Detention & Treatment	$42m
Flood Protection: Addington Brook and Riccarton Drain Filtration	$25m
Flood Protection: Opawaho-Heathcote Waterways Detention and Treatment	$18m
Stormwater: Waterway Lining Renewal Programme	$90m
Stormwater: Reticulation Renewal Programme	$42m
Stormwater: Port Hills Revegetation and Sediment Control Stage 1	$6m
Stormwater: Port Hills and Lyttelton Erosion and Sediment	$3.5m

Capital Expenditure Over 30 Years (Inflation Adjusted)



Fiscal Year	Inflated Forecast
2025	67M
2026	70M
2027	84M
2028	94M
2029	83M
2030	95M
2031	103M
2032	99M
2033	101M
2034	122M
2035	100M
2036	124M
2037	143M
2038	171M
2039	181M
2040	190M
2041	191M
2042	198M
2043	205M
2044	218M
2045	222M
2046	219M
2047	232M
2048	245M
2049	269M
2050	277M
2051	294M
2052	314M
2053	339M
2054	365M
Total	**5,413M**

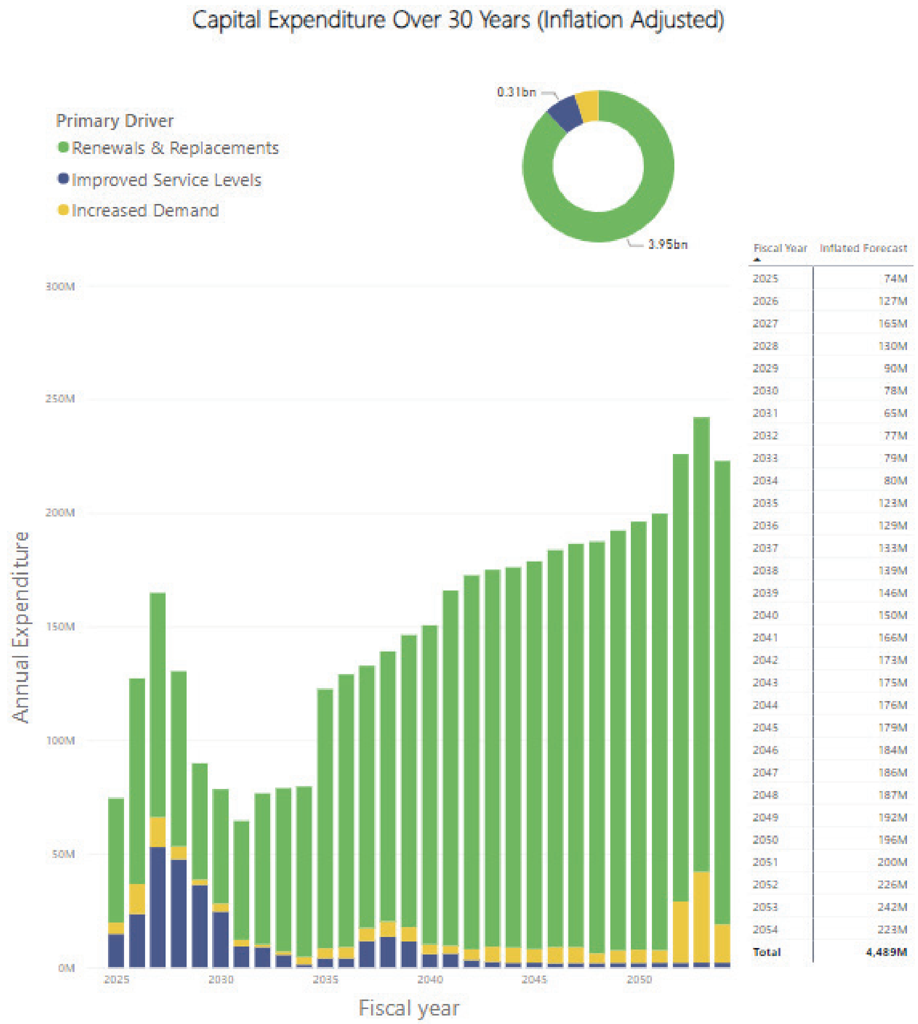
[15] For more detailed information (including assumptions), please refer the *Stormwater drainage, flood protection, and control works* Activity Plans and Asset Management Plans.

Wastewater – collection, treatment, and disposal

Wastewater collection, treatment and disposal is an essential service that protects public health and the environment. We collect wastewater from around 160,000 homes, businesses and industries. To do this we own, plan, manage and operate seven wastewater schemes collecting, treating and disposing of wastewater from Christchurch City, Lyttelton and Governors Bay, Diamond Harbour, Akaroa, Duvauchelle, Wainui and Tikao Bay.

Our seven wastewater schemes consist of reticulation networks, pump stations, odour control stations and treatment plants with a total replacement cost of $5.11 billion.

Snapshot of planned projects and programmes over the next 10-years[16]	
Reticulation Renewal Programme	$346m
Wastewater Treatment Plant renewals & replacements	$181m
Akaroa Wastewater Reclaim and Reuse	$94m
Selwyn Street Pump Station and Pressure Main	$52m
Grassmere Wet weather Storage	$31m
Fitzgerald Ave Brick Barrel Mains Renewal	$21m
Duvauchelle Wastewater Treatment & Disposal Upgrade	$18m



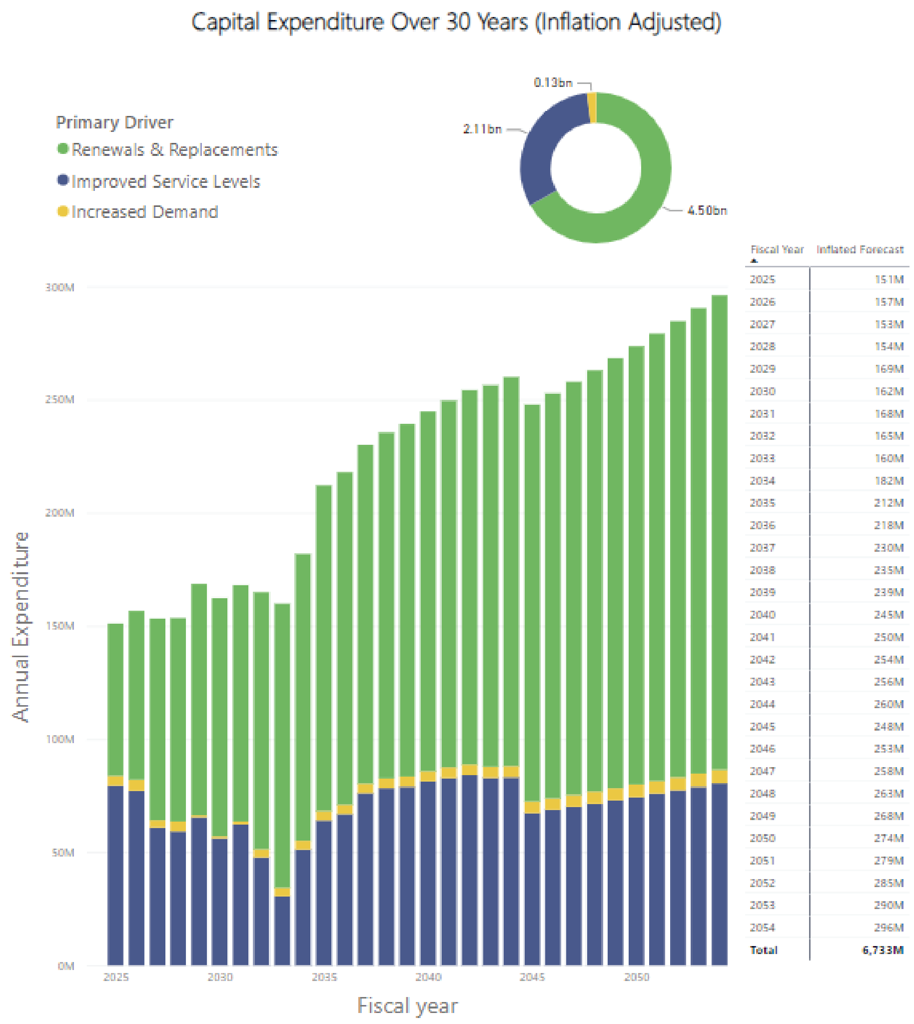
[16] For more detailed information (including assumptions), please refer the *Wastewater* Activity Plans and Asset Management Plans.

Transport

We are responsible for the day-to-day activities that plan for, fund, construct and then keep our transport systems functioning. We do this in close liaison with our Greater Christchurch local authority partners and neighbours – and directly alongside NZ Transport Agency Waka Kotahi, which manages the state highways and act as co-funders of many of our day-to-day transport network investments. We also work closely with Environment Canterbury, who are responsible for planning, procuring, and managing passenger transport services. Along with the Greater Christchurch Partnership, the Council views significant improvement of passenger transport services and supporting infrastructure as key goals for the transformation of our travel networks and choices for work, education, and leisure through this coming long term plan period.

While we deliver and manage these networks and services, we also work to build trust and confidence in our services through programmes such as our travel choice and road safety outreach programmes with schools, employers, and community groups.

Snapshot of planned projects and programmes over the next 10-years[17]	
Carriageway Renewal Programme	$591m
Major Cycleways	$199m
Structure Renewal Programme (including Pages Road bridge)	$168m
Signal Signs & Light Renewals Programme	$119m
Public Transport	$99m
Footpaths and Cycleways Renewals	$58m
Street Asset Renewals	$56m
Network Improvements	$37m
Transport Subdivision Infrastructure	$35m
Safety Ancillary Projects	$30m



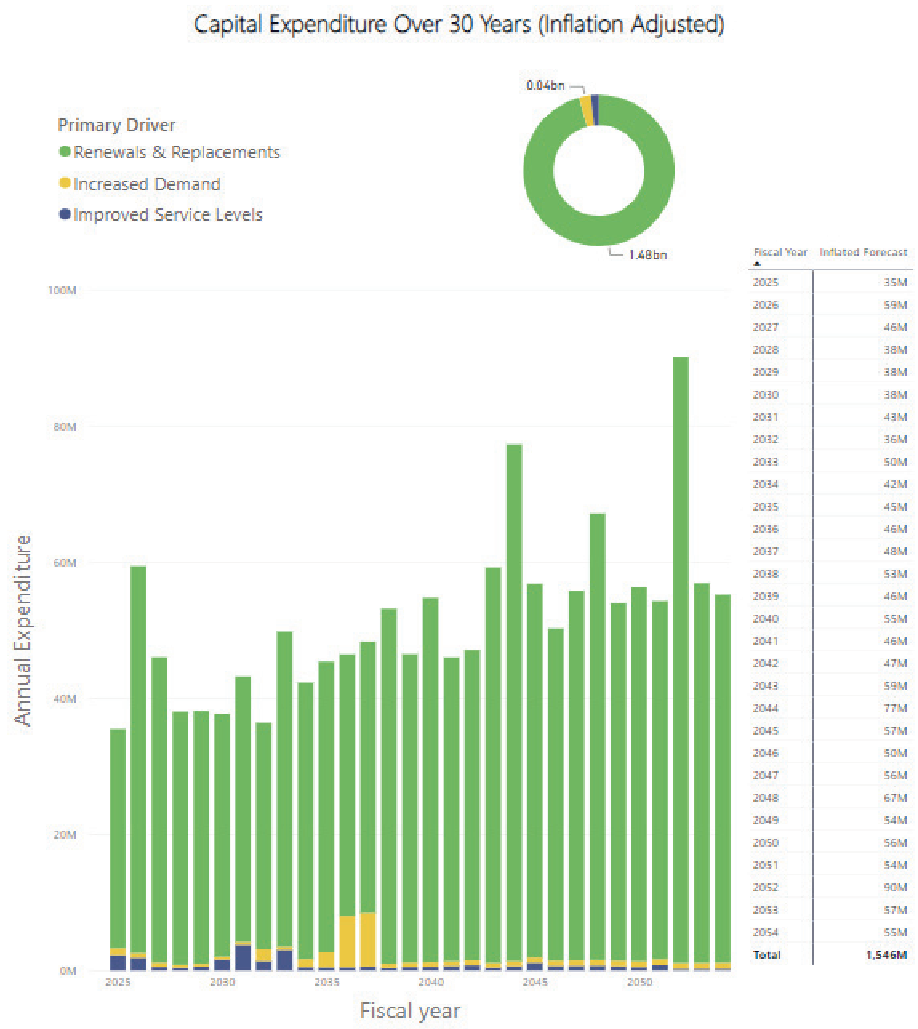
[17] For more detailed information (including assumptions), please refer the *Transport* Activity Plans and Asset Management Plans.

Facilities

We manage a wide range of facilities across the Christchurch and Banks Peninsula, including the art gallery, museums, our network of libraries, community centres, community housing, and early learning centres.

Council's newly adopted Strengthening Communities Together Strategy and its associated implementation plan guides our work and investment in this area as we align the strategy goals with levels of service, reporting, and accountability processes across the organisation.

Snapshot of planned projects and programmes over the next 10-years[18]	
Art Gallery: Art Collection Storage & Fittings	$8.3m
Art Gallery: Renewals & Replacements	$7.5m
Community Centre Renewals and Replacements	$23.8m
Multicultural Recreation and Community Centre Refurbishment - $800k FY30	$0.8m
Phillipstown Community Centre	$3.7m
Shirley Community Centre	$3.7m



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[18] For more detailed information (including assumptions), please refer the *Facilities* Activity Plans and Asset Management Plans.

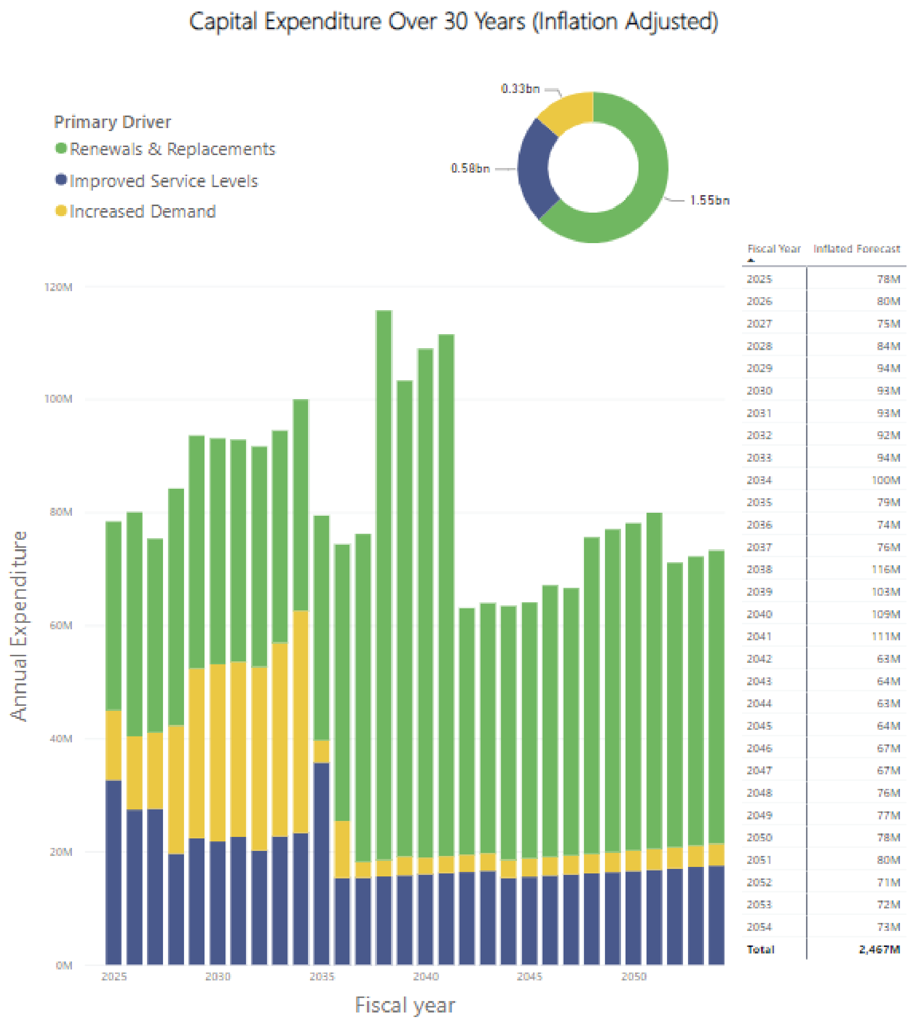
Parks

We oversee the city's expansive network of parks, reserves, and foreshore areas. These spaces, totalling over 1,279 sites and spanning more than 9,874 hectares, play a critical role in defining Christchurch's natural character and landscape.

These public spaces form an accessible network that significantly enhances the health, recreation, and liveability for both residents and visitors of Christchurch.

Our parks include community parks, the Botanic Gardens, heritage garden parks, regional parks, Hagley Park, Ngā Puna Wai, cemeteries, a plant nursery, residential red zone parks, and foreshore and marine access structures. This portfolio continues to grow, driven by subdivision processes, transfers of residential red zone land, and new developments, thus enriching our city's green infrastructure.

Snapshot of planned projects and programmes over the next 10-years[19]	
Canterbury Provincial Chambers earthquake repair	$19.5m
Robert McDougall Gallery Strengthening & Base Isolation	$14.5m
Cunningham Glasshouse upgrade and repair	$8.5m
Akaroa Wharf Renewal	$23.2m
Botanic Gardens Gondwana Land and Childrens Garden	$3.9m
Naval Point Development Plan	$19.3m
Sports Field Network Plan	$87m
Takapūneke Reserve Development	$21m
Urban Forest Implementation	$18m



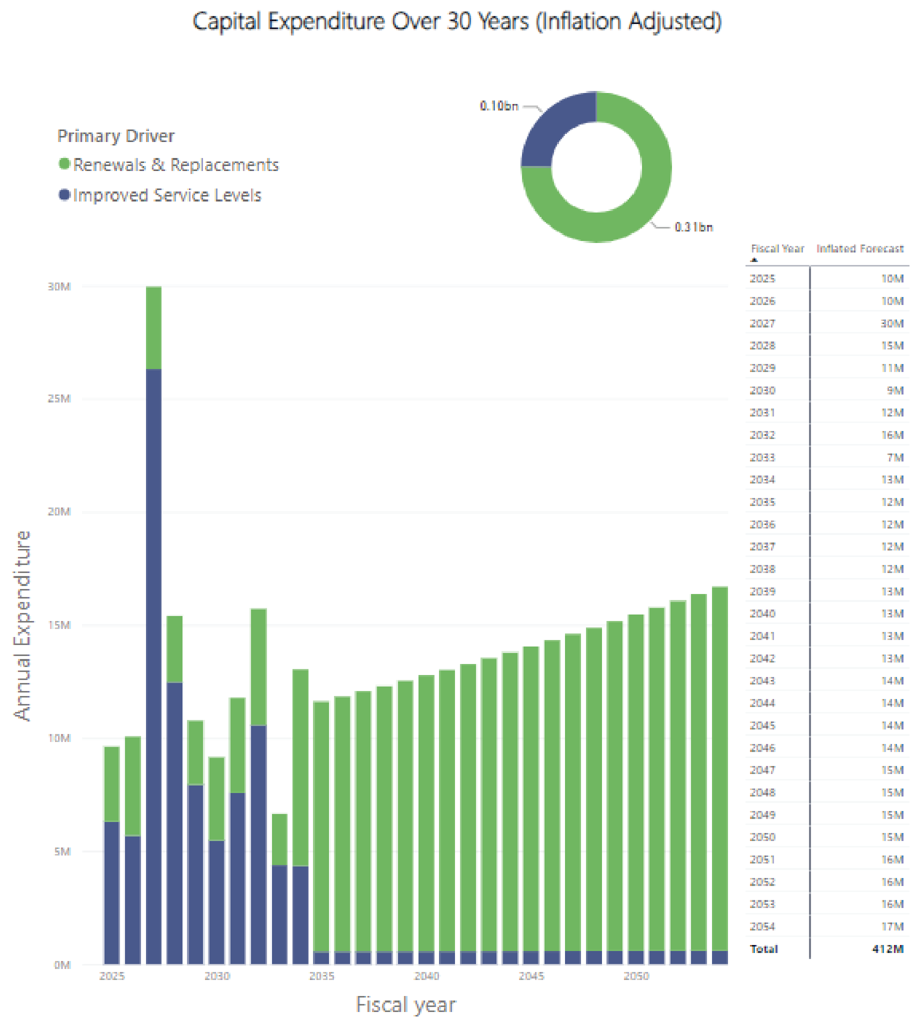
[19] For more detailed information (including assumptions), please refer the *Parks* Activity Plans and Asset Management Plans.

Solid Waste and Recycling

We are responsible for waste management and minimisation, with the aim of reducing the amount of waste that goes to landfill. Our work in this area includes: Education initiatives; Kerbside collection services; Used products reuse; Organics processing; Materials recycling; and, Transfer stations and community collection centres

Assets covered under the Resource Recovery portfolio are largely managed through operations contracts, which include asset management requirements and return of assets at the end of a contract. These include: Transfer stations and community collection points; The Material Recovery Facility; The Organics Processing Plant (until 2027); Burwood Landfill gas collection and treatment plant; and, Closed landfills.

Snapshot of planned projects and programmes over the next 10-years[20]	
Recycling and Transfer Station Improvements Programme	$63.7m
Organics processing Plant Redevelopment	$18.4m
Recycling and Transfer Station Renewals	$10m
Solid Waste Plant & Equipment Renewals	$8.6m
Kerbside Monitoring Programme	$6.6m



[2020] For more detailed information (including assumptions), please refer the *Solid Waste and Recycling* Activity Plans and Asset Management Plans.

CONCLUSION AND NEXT STEPS

Summary

The Infrastructure Strategy provides a comprehensive 30-year view of our city's infrastructure development, supported by the Financial Strategy as part of the Long Term Plan (LTP). This strategy encompasses critical sectors including water supply, wastewater management, stormwater systems, transport, facilities, parks, and waste management, ensuring they are robust, sustainable, and adaptable to future challenges. Managed through the Asset Management Plans and Activity Plans, our infrastructure assets are set for efficient and sustainable operation, prioritizing climate resilience and demographic responsiveness.

Key challenges addressed include enhancing data-driven management, maintaining and renewing assets sustainably, bolstering infrastructure against climate change and natural hazards, and integrating sustainable practices in urban growth. The strategy outlines decisive action areas: upgrading data systems, balancing funding for asset maintenance, developing climate-conscious investment principles, and supporting sustainable urban infrastructure development.

Over the next 30 years, based on our Asset Management Plans, we anticipate a $24.67 billion infrastructure investment (adjusted for inflation), focusing on asset maintenance, climate resilience, and sustainable growth. The first decade is supported within the budget of the 2025-34 LTP, with the longer term estimates being used to guide continual planning and budgeting in subsequent LTPs.

Next Steps

Data System Enhancement: Implement improvements in data collection and management systems to provide reliable and accurate information for asset management and decision-making.

Sustainable Asset Management: Develop a balanced approach for capital and operational spending on asset renewals and maintenance. This includes considering divestment options for underutilized assets and accounting for whole-of-life costs in budgeting.

Climate Resilience Planning: Establish guiding principles for climate-resilient investments and engage with communities in adaptation planning. Increase the Council’s capacity to understand and respond to climate risks and emissions reduction.

Supporting Sustainable Growth: Foster integrated infrastructure planning aligned with sustainable growth objectives. Focus on infrastructure that promotes active travel, public transport, and road safety, collaborating with central government, developers, mana whenua, and communities.

Monitoring and Reporting: Develop and implement a framework to monitor and report on the implementation and impact of the strategic actions. This framework will help in tracking progress, identifying areas for adjustment, and ensuring transparency and accountability.

Community Engagement and Feedback: Continue to engage with the community, seeking feedback on implementation progress and adapting strategies based on evolving community needs and expectations.

Regular Strategy Review and Update: Periodically review and update the Infrastructure Strategy to reflect changing circumstances, new technologies, legislative changes, and emerging community needs.

Appendix One: Citywide Population & Household Projections

At a Glance

- From early 2021 to June 2022 migration loss (in part due to COVID-19) coupled with a lower natural increase resulted in lower actual and projected growth nationally.
- In October 2023 StatsNZ released subnational population estimates for the year to June 2023. These indicated that **growth in the past year (July 2022 – June 2023) has been higher than projected**, with the city's **population estimated to be 396,200 at June 2023.**
- This significant increase has been driven by high international migration gains.
- The latest projections produced by StatsNZ are population projections from December 2022. Advice from StatsNZ suggests that household projections released in March 2021 may now be a better indication of future growth, especially in the short-term and medium (through to the end of the 2020's). In the longer term (2030's onwards) they are suggesting that we use the December 2022 projections, which project a lower level of growth than the March 2021 projections.

Future Growth Scenarios

For this LTP we have prepared two growth scenarios, both based on StatsNZ medium projections:

1. Future growth scenario one for all activities excluding Transport and Three Waters
2. Future growth scenario two for Transport and Three Waters

There are two scenarios (one for Transport and Three Waters and one for all other activities) due to the need to meet our obligations under the National Policy Statement on Urban Development, which directs us to factor in feasible development capacity over and above projected demand, which may not be developed.

We must include the NPS-UD competitiveness margins in the projections we use for planning for transport and three waters.

Future Growth Scenario One (All activities except for Transport and Three Waters)

Tables 1 sets out the high-level growth projections that should be used for all activities, with the exception of transport and three waters. **The projections used by transport and three waters are set out in Future Growth Scenario Two.**

Table 1: Future Growth Scenario One (All activities **except for Transport and Three Waters**)

Year	Population	Households	Household Growth
2024	400,360	156,120	
2034	432,920	167,471	+ 11,351 (2024 – 2034)
2054	474,880	183,776	+ 27,656 (2024 – 2054)

2024 – 2034

- Between **2024 and 2034** the population of the city is projected to grow by around 32,560 people (+8%) and 11,351households (+6%), reaching a total population of around 432,920 in 2034.
- Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city and 2.2 per household in Banks Peninsula.

2034 – 2054

- Between **2034 and 2054** the population of the city is expected to grow by around a further 41,960 people (+10%) and 16,305 (+10%) households.
- Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city until around 2048 when it will decrease to 2.5 people per household. It is expected to remain at 2.2 people per household in Banks Peninsula.

2024 – 2054

- Between **2024 and 2054** the population of the city is projected to grow by around 74,500 people (+19%) and 27,600 households (+18%), reaching a total population of around 474,800 in 2054.
- Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city until around 2048 when it will decrease to 2.5 people per household. It is expected to remain at 2.2 people per household in Banks Peninsula.

Future Growth Scenario Two (Used by Transport and Three Waters only)

The NPD-UD is part of the urban planning focus of the Urban Growth Agenda. It directs councils to remove overly restrictive planning rules and plan for growth, both up and out.

We also have to respond to changes in demand by allowing denser housing in areas where people want to live, that are well-connected to jobs, transport and community facilities.

The NPS-UD directs us to factor in feasible development capacity over and above projected demand, which may not be developed, and is required in order to support choice and competitiveness in housing and business land markets.

This additional 'buffer' is set at 20% above projected growth in the short term (up to ten years ahead) and 15% in the long term (11 - 30 years).

The development capacity must be:

a) plan-enabled;

b) and infrastructure-ready;

c) and feasible and reasonably expected to be realised

This directive requires Transport and Three Waters to plan and provide infrastructure for over and above what StatsNZ is projecting.

The NPS-UD **competitiveness margin has been applied to the household projections only**, as these are the best indicator of future household demand. All **population projections** used throughout this document are the original projections received from StatsNZ in December 2022, no adjustments have been applied.

Table 2: Future Growth Scenario Two (To be used by Transport and Three Waters only)

Year	Population	Adjusted Household Projections	Projected Household Growth
2024	400,360	156,120	
2034	432,920	169,741	+ 13,621 (2024 – 2033)
2054	474,880	188,492	+ 32,372 (2024 – 2054)

2024 – 2034

- Between 2024 and 2034 the population of the city is projected to grow by around 32,560 people (+8%) and 11,621households (+6%), reaching a total population of around 432,920 in 2034.
- To account for the NPS-UD competitiveness margins, we need to be planning for more growth than this across in our Three Waters and Transport activities (an additional 20% in the short term and 15% in the long term).
- Transport and Three Waters should be planning for household growth of around 13,600 (+9%) households between 2024 and 2034.
- Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city and 2.2 per household in Banks Peninsula.

2034 – 2054

- Between 2034 and 2054 the population of the city is expected to grow by around a further 41,960 people (+10%) and 16,305 (+10%) households.
- Accounting for the competitiveness margins, Transport and Three Waters should be planning for household growth of around 18,700 households across this period.
- Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city until around 2048 when it will decrease to 2.5 people per household. It is expected to remain at 2.2 people per household in Banks Peninsula.

2024 – 2054

- Between 2024 and 2054 the population of the city is projected to grow by around 74,500 people (+19%) and 27,600 households (+18%), reaching a total population of around 474,800 in 2054.
- To meet our obligations under the NPS-UD, Transport and Three Waters should be planning for household growth of around 32,400 households across the period between 2024 – 2054.
- Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city until around 2048 when it will decrease to 2.5 people per household. It is expected to remain at 2.2 people per household in Banks Peninsula.

The demographic composition of our population in changing…

Over the thirty-year period between 2023 and 2053, the age composition of our population is expected to change significantly.

- Between 2023 and 2053, the number of people living in Christchurch City who will be over the age of 80 is expected to increase by around 109%, increasing from 4% of the total population to around 7% of the total population.

- The proportion of those over the age of 65 years is expected to increase by around 50%, from 16% of the total population to around 20%.
- The proportion of the population in the 0 - 14, and 40 - 64 year age groups is expected to remain relatively stable over the period between 2023 and 2053.
- The largest decrease is expected to be seen within the proportion of the population aged between 15 – 39 years. Falling from 37% of the population in 2023 to 32% by 2053.

Over the twenty-year period between 2023 and 2043, the ethnic composition of our population is also expected to change. Note: individuals may identify with more than one ethnicity, causing the ethnicity breakdown to exceed 100%.

- Between 2023 and 2043, the proportion of the population that identify as Māori, Asian and/or Pacific is expected to increase from 33% to 46%.
- The proportion of the population who identify as European or ‘Other’ is expected to decrease from 77% to 72%, over the same time period.
- The largest increase is expected to be seen within the proportion of the population who identify as Asian. Increasing by 62% over the 20-year period.
- Māori and/or Pacific populations are expected to increase 46% and 51%, respectively.

Appendix Two: General Assumptions

Assumption	Level of uncertainty and reason/s for this and implications/risks
Growth/population **The growth/population statistics are based on the 2018 Census and the Environmental Scan 2023. These statistics are a placeholder until the 2023**	
The population of Christchurch City will continue to grow: • **2024: 400,360** • **2034: 432,920** • **2054: 474,880**	There is a low level of uncertainty regarding this assumption for years 1-10, and a medium level of uncertainty regarding this assumption for years 11-30. Achieving these levels of population and household growth is reliant on cooperation between Christchurch City and neighbouring district councils (Waimakariri and Selwyn), to achieve the agreed policy direction for settlement. It is also reliant on other external factors, such as immigration policies and trends, and economic opportunities. The Council must plan for growth and provide the right infrastructure at the right time to service growth demand. Planning and delivery of infrastructure to service growth development is under constant review and adjusted through the LTP and Annual Plans where required.
The number of households in Christchurch City will continue to grow: • **2024: 156,120** • **2034: 167,471** • **2054: 183,776**	There is a low level of uncertainty regarding this assumption for years 1-10, and a medium level of uncertainty regarding this assumption for years 11-30. The Council must plan for growth and provide the right infrastructure at the right time to service growth demand. Planning and delivery of infrastructure to service growth development is under constant review and adjusted through the LTP and Annual Plans where required.
The average household size will slightly decrease over time. Throughout this period the average household size is expected to remain at 2.6 people per household in the metropolitan area of the city until around 2048 when it will decrease to 2.5 people per household. It is expected to remain at 2.2 people per household in Banks Peninsula.	There is a low level of uncertainty regarding this assumption; it is based on 2022 household projections (StatsNZ) and reflects trends that occur with an ageing population. This will result in changes in average household demand on infrastructure and for services. Planning and delivery of infrastructure to service growth development is under constant review and adjusted through the LTP and Annual Plans where required.

Assumption	Level of uncertainty and reason/s for this and implications/risks
Over the thirty-year period between 2023 and 2053, the age composition of our population is expected to change significantly. • **Between 2023 and 2053, the number of people living in Christchurch City who will be over the age of 80 is expected to increase by around 109%, increasing from 4% of the total population to around 7% of the total population.** • **The proportion of those over the age of 65 years is expected to increase by around 50%, from 16% of the total population to around 20%.** • **The proportion of the population in the 0 - 14, and 40 - 64 year age groups is expected to remain relatively stable over the period between 2023 and 2053.** • **The largest decrease is expected to be seen within the proportion of the population aged between 15 – 39 years. Falling from 37% of the population in 2023 to 32% by 2053.**	There is a low level of uncertainty regarding this assumption; it is based on StatsNZ December 2022 projections. An ageing population is likely to mean some levels of service will need to evolve to meet specific requirements of older residents. Levels of service are under constant review and can be adjusted through the LTP or Annual Plan as required. Older residents are more likely to be on fixed incomes and be more sensitive than other residents/ households to increased Council costs including rates.

Appendix Three: Assumptions about asset life cycle

Water supply			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)
Reticulation	Cast iron – 120 years Steel – 100-120 years Asbestos cement – 60-80 years Blue PVC pipe – 30-60 years	13% < 5% TUL remaining (condition grade 5) All materials are heading towards a renewals peak at the same time.	Low level of uncertainty
Stations	Civil and structural – long asset life Mechanical, electrical and IAC – shorter asset life	Nearly 30% < 5% TUL 44% > 50% remaining TUL (condition grade 1)	There is a medium level of uncertainty associated with this assumption – a large number of start-up dates are missing
Treatment assets	Water supply treatment plants		There is a medium level of uncertainty associated with this assumption –the majority don't have start-up dates.

Wastewater			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)
Reticulation	Concrete – RCRR – PVC – 30-60 years Asbestos cement – 60-80 years EW/VC -	14% < 5% TUL A significant proportion of the network was renewed after the Earthquakes, so the renewal peak is less pronounced. RCRR (reinforced concrete with rubber ring joints) pipes make up a large proportion of the remaining poor condition pipes	
Stations	Civil and structural – long asset life Electrical and IAC assets – shorter asset life	13% < 5% TUL. High proportion, leading to renewals forecast spike in 2021	There is a medium level of uncertainty associated with this assumption, as the condition data is sparse
Treatment assets	Bromley WWTP Banks Peninsula WWTPs		There is a medium level of uncertainty associated with this assumption – many treatment assets don't have start-up dates.

Stormwater, flood protection, and control works			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)
Reticulation	Concrete – RCRR -	6.8% < 5% TUL. High proportion of these are RCRR pipes with EQ damage still, as well as brick and rock and earthenware	Low level of uncertainty
Waterway lining	Timber – 40 years Concrete – 100 years Rock -	Timber lining reaching the end of its useful life in peaks in 6-10 years, and 16-20 years 10% of network between < 5% and < 15% TUL	Low level of uncertainty (due to LDRP inspections)
Pump station assets	Pumps - 40 years Civil and structural – long asset life	Range from 1-51 years. Nearly 60% at condition grade 5. Remaining useful life of actual pump stations cannot be provided due to number of asset groups and components within a pump station	
Flood protection structures	Stopbanks - Valves – 100 years		Low level of uncertainty
Treatment and storage facilities	Lining Soakpit Basins	Approx 45% lining and 62% soakpits are condition grade 3-5	

Transport			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)

Carriageways	At least 80 years ‘economic life’	23% of pavement layers (by number) beyond expected life	
Drainage (kerb and channel)	Concrete – 80 years	Approx 174 km (of total 3,512 km) beyond expected life – or 5%	
Footpaths	Asphaltic concrete – 25 years Concrete – 80 years	Approx 8 km (of total 2,682 km) of asphaltic concrete beyond expected life – or 0.3% Approx 0.8 km (of total 55 km) of concrete beyond expected life – or 1.5%	
Bridges Culverts	Concrete - 100 years Steel - 80-95 years Timber - 70-75 years Concrete – 90 years Steel – 50 years	Bridges and culverts due for full replacement now or overdue for replacement – 1% Bridges and culverts due for full replacement in 1-25 years – 23%	Medium level of uncertainty around year of construction – especially for older, masonry culverts
Retaining walls	Timber/earth - 50 years Concrete/steel/stone – 100 years	Walls due for full replacement now or overdue for replacement – 3% Walls due for full replacement in 1-25 years – 42%	Medium level of uncertainty around year of construction – especially for older, non-structural walls
Cycleways	80 years approx	Majority of off-road cycleways are less than 30 years old and in good condition	

Solid waste and recycling			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)
Transfer station – plants	Depends on future requirements and cost of refurbishment vs new options		
Transfer station – buildings	50-100 years, depending on future requirements and cost of refurbishment vs new	30-40 years old (Parkhouse, Styx Mill, Metro)	
Material Recovery Facility		Developed since 2000 (currently owned and operated by EcoCentral)	
Organics Processing Plant	Building - 50-100 years Aeration and biofiltration system – 25-30 years	Building commissioned in 2009	
Burwood Landfill; other closed landfills			

Parks			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)
Parks furniture	15-40 years	Varied Approximately 10,000 of 22,000 are unassessed or are due for assessment (less critical)	Low level of uncertainty as based on industry literature, performance observations and staff knowledge. However, there is a high level of uncertainty regarding the age of many of the assets due to start up dates being largely unknown.
Sports equipment, Dog Exercise Equipment, Play Modular Unit, drinking fountains, play surfaces, exercise area, backflow	15-25 years	Majority in good condition	
Hedge, tree planter, garden, turf	20-35 years	Varied	
Boat ramp, car park, stairs, track, shelter	35 years	20% average 70% good	
Boardwalk, gate, flagpole, bollard, viewing platform, cattle stop Fence, bridge, jetty, retaining wall, water tower, terraces, culvert	40-80 years	Approximately 13,000 fences (less critical) are unassessed Varied	
Buildings - toilets, information centres, depots, houses, sheds, pavilions	20-90 years	Varied	High level of uncertainty as age of many assets is unknown
Heritage assets	Scheduled heritage - perpetuity Artworks 10 years for murals, 20 - 50 years for sculptures Monuments - perpetuity	Varied	The standard renewals lifecycle approach is not applicable to scheduled heritage. Low level of uncertainty as creation dates are recorded

Facilities			
Asset type	Theoretical useful life	Where does the asset sit in its life cycle	Level of uncertainty (if applicable)
Libraries	60-70 years	A number were built in the mid-90s – will be nearing end of life by 2050	Low level of uncertainty
Community housing	90 years	Almost half of stock was developed during the 1970s; a quarter during	Low level of uncertainty

		1960s; these are due for mid-life refurbishments in the next few years	
Art Gallery		Opened 2003	Low level of uncertainty
Community facilities	70 years	60% > 50 years of age	Low level of uncertainty
Early learning centres	70 years	Acquired or developed in 1990s	Low level of uncertainty
Volunteer libraries	70 years		

Prospective Financial Statements

Christchurch City Council
Prospective statement of comprehensive revenue and expense

Plan 2023/24	$000	Note	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Revenue											
688,777	Rates revenue		771,379	844,303	901,622	963,516	1,020,284	1,078,712	1,135,944	1,172,046	1,200,948	1,227,218
23,112	Development contributions		23,440	24,120	24,651	25,218	25,798	26,365	26,919	27,457	28,007	28,539
196,612	Grants and subsidies		129,504	138,187	121,495	101,883	88,205	90,453	89,828	89,928	97,098	93,608
112,885	Dividends and Interest	1	115,847	115,068	109,033	109,660	119,919	120,911	120,915	131,547	131,668	132,016
124,722	Fees and charges		133,495	135,696	142,626	146,015	149,948	152,419	155,495	159,246	161,583	164,561
1,146,108	**Total income**		**1,173,665**	**1,257,374**	**1,299,427**	**1,346,292**	**1,404,154**	**1,468,860**	**1,529,101**	**1,580,224**	**1,619,304**	**1,645,942**
	Expenditure											
131,147	Finance costs		144,094	149,087	154,315	164,788	170,509	173,785	175,670	177,417	176,134	176,011
332,791	Depreciation	2	350,484	379,163	412,325	435,103	455,482	474,785	492,262	512,169	530,971	547,018
606,614	Other expenses	3	666,432	694,708	714,085	713,711	738,047	756,018	774,109	793,071	811,615	822,303
1,070,552	**Total operating expenditure**		**1,161,010**	**1,222,958**	**1,280,725**	**1,313,602**	**1,364,038**	**1,404,588**	**1,442,041**	**1,482,657**	**1,518,720**	**1,545,332**
75,556	**Surplus before asset contributions**		**12,655**	**34,416**	**18,702**	**32,690**	**40,116**	**64,272**	**87,060**	**97,567**	**100,584**	**100,610**
17,808	Vested assets		23,730	245,476	25,101	25,704	26,321	26,900	27,492	28,069	28,630	29,203
93,364	**Surplus before income tax expense**		**36,385**	**279,892**	**43,803**	**58,394**	**66,437**	**91,172**	**114,552**	**125,636**	**129,214**	**129,813**
(24,445)	Income tax expense		(11,260)	(1,260)	(1,260)	(1,260)	(1,260)	(1,260)	(1,260)	(1,260)	(1,260)	(1,260)
117,809	**Net surplus for year**		**47,645**	**281,152**	**45,063**	**59,654**	**67,697**	**92,432**	**115,812**	**126,896**	**130,474**	**131,073**
	Other comprehensive revenue and expense											
1,099,562	Changes in Revaluation Reserve		782,028	616,066	470,640	537,561	532,807	524,870	514,898	528,392	516,186	528,647
1,217,371	**Total comprehensive revenue and expense**		**829,673**	**897,218**	**515,703**	**597,215**	**600,504**	**617,302**	**630,710**	**655,288**	**646,660**	**659,720**

Christchurch City Council
Prospective statement of changes in net assets/equity

Plan 2023/24	$000	Note	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
16,866,350	**Ratepayers equity at July 1**		18,761,941	19,591,615	20,488,829	21,004,531	21,601,744	22,202,251	22,819,555	23,450,265	24,105,552	24,752,212
	Net surplus attributable to:											
	Reserves											
1,099,562	Revaluation reserve		782,028	616,066	470,640	537,561	532,807	524,870	514,898	528,392	516,186	528,647
	Retained earnings											
117,809	Surplus		47,645	281,152	45,063	59,654	67,697	92,432	115,812	126,896	130,474	131,073
1,217,371	Total comprehensive income for the year		829,673	897,218	515,703	597,215	600,504	617,302	630,710	655,288	646,660	659,720
18,083,721	**Ratepayers equity at June 30**	8	**19,591,614**	**20,488,833**	**21,004,532**	**21,601,746**	**22,202,248**	**22,819,553**	**23,450,265**	**24,105,553**	**24,752,212**	**25,411,932**

Christchurch City Council
Prospective statement of financial position

Plan 2023/24	$000	Note	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Current assets											
100,108	Cash and cash equivalents		95,586	96,968	98,046	99,198	100,379	101,534	102,662	103,758	104,875	105,957
80,182	Trade receivables and prepayments	4	123,964	127,572	130,388	133,397	136,475	139,487	142,425	145,283	148,197	151,021
3,129	Inventories		3,742	3,854	3,933	4,021	4,108	4,201	4,287	4,369	4,455	4,536
24,682	Other financial assets		92,364	94,544	111,738	117,243	131,082	140,737	164,455	181,086	201,532	225,936
	Non-current assets											
	Investments											
4,272,332	- Investments in CCOs and other similar entities		4,476,584	4,576,945	4,645,630	4,722,252	4,812,108	4,897,970	4,976,609	5,067,110	5,145,112	5,234,873
128,622	- Other investments		132,609	135,924	139,052	142,414	145,956	149,646	153,406	157,204	160,967	164,721
90,556	Intangible assets		120,517	128,914	135,505	139,180	139,002	135,376	130,645	123,801	116,501	112,011
2,746,267	Operational assets		3,280,687	3,644,993	3,664,637	3,670,808	3,658,408	3,640,553	3,614,484	3,587,127	3,567,976	3,546,202
11,704,078	Infrastructural assets		12,377,871	12,990,870	13,564,980	14,161,025	14,700,074	15,216,035	15,724,801	16,236,171	16,725,204	17,247,592
1,768,484	Restricted assets		2,033,460	2,116,991	2,180,640	2,262,983	2,345,892	2,429,253	2,511,993	2,598,138	2,677,690	2,759,603
20,918,440	**Total assets**		**22,737,384**	**23,917,575**	**24,674,549**	**25,452,522**	**26,173,485**	**26,854,792**	**27,525,768**	**28,204,048**	**28,852,509**	**29,552,452**
	Current liabilities											
123,035	Trade and other payables		155,458	159,798	163,186	166,806	170,508	174,132	177,666	181,104	184,609	188,007
265,200	Borrowings	5	469,600	214,500	331,600	400,000	500,000	550,000	550,000	550,000	550,000	550,000
28,936	Other liabilities and provisions	6	28,443	29,317	28,864	29,012	30,755	31,443	32,173	30,632	31,180	31,711
	Non-current liabilities											
2,394,382	Borrowings	5	2,470,137	3,004,814	3,126,945	3,235,998	3,252,638	3,264,079	3,302,006	3,322,954	3,320,557	3,356,705
19,448	Other liabilities and provisions	7	18,610	16,671	15,697	15,145	13,430	11,593	9,578	9,639	9,702	9,763
3,718	Deferred tax liability		3,522	3,642	3,725	3,815	3,906	3,992	4,080	4,166	4,249	4,334
18,083,721	**Ratepayers equity**	8	19,591,614	20,488,833	21,004,532	21,601,746	22,202,248	22,819,553	23,450,265	24,105,553	24,752,212	25,411,932
20,918,440	**Total equity and liabilities**		**22,737,384**	**23,917,575**	**24,674,549**	**25,452,522**	**26,173,485**	**26,854,792**	**27,525,768**	**28,204,048**	**28,852,509**	**29,552,452**

Christchurch City Council
Prospective cash flow statement

Plan 2023/24	$000	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Operating activities										
	Cash was provided from:										
1,057,239	Rates, grants, subsidies and other sources	1,069,078	1,139,848	1,188,752	1,234,793	1,282,329	1,346,110	1,406,422	1,446,995	1,485,895	1,512,279
53,063	Interest received	50,046	41,359	35,494	34,888	34,968	35,810	35,745	36,338	36,492	36,851
56,823	Dividends	62,403	70,458	70,458	71,458	81,458	81,458	81,458	91,458	91,458	91,458
1,167,125		1,181,527	1,251,665	1,294,704	1,341,139	1,398,755	1,463,378	1,523,625	1,574,791	1,613,845	1,640,588
	Cash was disbursed to:										
608,820	Payments to suppliers and employees	667,565	691,434	712,124	710,495	734,316	753,544	771,859	792,065	809,034	820,450
131,147	Interest paid	144,094	149,087	154,315	164,788	170,509	173,785	175,670	177,417	176,134	176,011
739,967		811,659	840,521	866,439	875,283	904,825	927,329	947,529	969,482	985,168	**996,461**
427,158	**Net cash flow from operations**	**369,868**	**411,144**	**428,265**	**465,856**	**493,930**	**536,049**	**576,096**	**605,309**	**628,677**	**644,127**
	Investing activities										
	Cash was provided from:										
1,544	Sale of assets	9,200	3,825	18,193	2,924	9,095	3,060	14,423	3,193	3,257	3,322
21,178	Investments realised	14,343	13,000	16,185	18,000	3,000	5,000	10,000	-	10,000	-
22,722		23,543	16,825	34,378	20,924	12,095	8,060	24,423	3,193	13,257	3,322
	Cash was applied to:										
461,682	Purchase of assets	738,471	702,985	683,601	657,578	607,643	594,738	613,601	612,677	619,510	660,250
282,520	Purchase of investments	2,000	1,000	(0)	-	-	-	-	-	-	-
-	Purchase of investments (special funds)	-	2,179	17,195	5,503	13,841	9,657	23,717	15,677	18,910	22,265
744,202		740,471	706,164	700,796	663,081	621,484	604,395	637,318	628,354	638,420	682,515
(721,480)	**Net cash flow from investing activities**	**(716,928)**	**(689,339)**	**(666,418)**	**(642,157)**	**(609,389)**	**(596,335)**	**(612,895)**	**(625,161)**	**(625,163)**	**(679,193)**

Plan 2023/24		Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Financing activities										
	Cash was provided from:										
372,728	Raising of loans	428,579	376,437	352,298	304,507	239,818	195,199	183,775	163,955	156,917	191,504
372,728		428,579	376,437	352,298	304,507	239,818	195,199	183,775	163,955	156,917	191,504
	Cash was applied to:										
78,753	Repayment of term liabilities	81,519	96,860	113,067	127,054	123,178	133,758	145,848	143,007	159,314	155,356
78,753		81,519	96,860	113,067	127,054	123,178	133,758	145,848	143,007	159,314	155,356
293,975	**Net cash flow from financing activities**	**347,060**	**279,577**	**239,231**	**177,453**	**116,640**	**61,441**	**37,927**	**20,948**	(2,397)	36,148
(347)	Increase/(decrease) in cash	-	1,382	1,078	1,152	1,181	1,155	1,128	1,096	1,117	1,082
100,455	Add opening cash	95,586	95,586	96,968	98,046	99,198	100,379	101,534	102,662	103,758	104,875
100,108	**Ending cash balance**	**95,586**	**96,968**	**98,046**	**99,198**	**100,379**	**101,534**	**102,662**	**103,758**	**104,875**	**105,957**
	Represented by:										
100,108	Cash and cash equivalents	95,586	96,968	98,046	99,198	100,379	101,534	102,662	103,758	104,875	105,957

Notes to the prospective financial statements

Plan 2023/24	$000	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	NOTE 1										
	Dividends and Interest										
	Dividends:										
50,703	Christchurch City Holdings Ltd	55,000	65,000	65,000	66,000	76,000	76,000	76,000	86,000	86,000	86,000
6,030	Transwaste Ltd	7,313	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368
90	Other	90	90	90	90	90	90	90	90	90	90
56,823	Total dividend revenue	62,403	70,458	70,458	71,458	81,458	81,458	81,458	91,458	91,458	91,458
	Interest:										
43,659	Subsidiaries	42,207	34,661	29,540	28,651	28,720	29,250	28,880	28,746	28,319	28,111
-	Loan repayment investments	-	-	-	-	-	-	-	-	-	-
3,357	Special and other fund investments	1,435	1,152	1,074	1,525	1,574	1,982	2,276	2,987	3,452	4,019
7,036	Short term investments	8,270	6,941	6,014	6,152	6,331	6,481	6,550	6,589	6,556	6,545
2,010	Housing trust	1,532	1,856	1,947	1,874	1,836	1,740	1,751	1,767	1,883	1,883
56,062	Total interest revenue	53,444	44,610	38,575	38,202	38,461	39,453	39,457	40,089	40,210	40,558
112,885	**Total Dividends and Interest**	**115,847**	**115,068**	**109,033**	**109,660**	**119,919**	**120,911**	**120,915**	**131,547**	**131,668**	**132,016**

NOTE 2
Depreciation

21,564	Communities & Citizens	22,700	31,361	33,291	35,214	37,006	37,386	37,165	38,023	38,566	39,962
-	Economic Development	-	-	-	-	-	-	-	-	-	-
382	Flood Protection & Control Works	370	586	769	988	1,251	1,472	1,695	1,923	2,151	2,414
1	Governance	1	1	1	-	-	-	-	-	-	-
6,069	Housing	6,170	6,479	6,742	7,015	7,268	7,530	7,454	7,718	8,008	7,649
31,455	Parks, Heritage and Coastal Environment	34,510	35,472	36,771	38,208	39,433	40,059	41,170	42,672	44,233	46,143
67	Regulatory & Compliance	121	74	75	72	66	64	54	49	50	51
1,904	Solid Waste & Resource Recovery	2,028	2,172	2,145	2,902	2,683	2,503	2,596	2,683	2,667	2,753
27,117	Stormwater Drainage	35,068	36,529	37,986	39,451	41,109	42,634	44,276	45,971	47,686	49,497
678	Strategic Planning & Policy	781	1,142	1,463	1,625	1,664	1,700	1,738	1,774	1,810	1,846
82,848	Transport	82,760	89,270	95,421	101,721	108,211	114,928	122,069	129,465	136,732	144,095
87,238	Wastewater	91,912	96,039	100,088	105,125	109,438	113,034	116,415	119,627	122,887	125,982
51,520	Water Supply	50,100	52,789	55,017	57,500	59,663	62,160	64,597	67,019	69,495	71,421
21,948	Corporate	23,963	27,249	42,556	45,282	47,690	51,315	53,033	55,245	56,686	55,205
332,791	**Total Depreciation**	**350,484**	**379,163**	**412,325**	**435,103**	**455,482**	**474,785**	**492,262**	**512,169**	**530,971**	**547,018**

NOTE 3
Other expenses

	Operating expenditure:										
240,684	Personnel costs	265,625	277,948	284,545	290,087	296,776	303,264	309,646	315,841	322,143	328,270
61,152	Donations, grants and levies	73,190	67,074	70,755	59,839	62,392	66,616	67,099	66,900	67,804	66,738
304,778	Other operating costs	327,617	349,686	358,785	363,785	378,879	386,138	397,364	410,330	421,668	427,295
606,614	**Total other expenses**	**666,432**	**694,708**	**714,085**	**713,711**	**738,047**	**756,018**	**774,109**	**793,071**	**811,615**	**822,303**

NOTE 4

Trade receivables and prepayments

22,643	Rates debtors	25,341	26,077	26,650	27,263	27,890	28,504	29,102	29,684	30,278	30,853
12,984	Trade debtors	13,539	13,931	14,238	14,565	14,900	15,227	15,547	15,858	16,175	16,482
45,646	Other receivables/prepayments	83,623	86,940	89,546	92,254	95,225	97,864	100,278	102,388	104,589	106,312
-	Dividends receivable	-	-	-	-	-	-	-	-	-	-
117	GST receivable	3,278	2,507	1,888	1,303	506	(9)	(354)	(454)	(606)	(349)
81,390		125,781	129,455	132,322	135,385	138,521	141,586	144,573	147,476	150,436	153,298
(1,208)	Less provision for doubtful debts	(1,817)	(1,883)	(1,934)	(1,988)	(2,046)	(2,099)	(2,148)	(2,193)	(2,239)	(2,277)
80,182	**Total trade receivables and prepayments**	**123,964**	**127,572**	**130,388**	**133,397**	**136,475**	**139,487**	**142,425**	**145,283**	**148,197**	**151,021**

NOTE 5

Debt

265,200	Current portion of gross debt	469,600	214,500	331,600	400,000	500,000	550,000	550,000	550,000	550,000	550,000
2,394,382	Non current portion of gross debt	2,470,137	3,004,814	3,126,945	3,235,998	3,252,638	3,264,079	3,302,006	3,322,954	3,320,557	3,356,705
2,659,582	Total gross debt	2,939,737	3,219,314	3,458,545	3,635,998	3,752,638	3,814,079	3,852,006	3,872,954	3,870,557	3,906,705
1,650,443	Total net debt	1,917,717	2,203,478	2,434,147	2,619,754	2,720,739	2,772,871	2,791,425	2,791,015	2,772,498	2,779,554

NOTE 6

Other current liabilities and provisions

876	Provision for landfill aftercare	1,823	2,018	1,035	617	1,781	1,902	2,079	-	-	-
1,623	Provision for building related claims	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623
26,437	Provision for employee entitlements	24,997	25,676	26,206	26,772	27,351	27,918	28,471	29,009	29,557	30,088
28,936	**Total other liabilities and provisions**	**28,443**	**29,317**	**28,864**	**29,012**	**30,755**	**31,443**	**32,173**	**30,632**	**31,180**	**31,711**

	NOTE 7										
	Non-current other liabilities and provisions										
9,902	Provision for landfill aftercare	9,431	7,414	6,379	5,762	3,981	2,079	-	-	-	-
3,053	Provision for employee entitlements	2,686	2,764	2,825	2,890	2,956	3,021	3,085	3,146	3,209	3,270
6,493	Provision for building related claims	6,493	6,493	6,493	6,493	6,493	6,493	6,493	6,493	6,493	6,493
-	Hedge and other liabilities	-	-	-	-	-	-	-	-	-	-
-	Revenue in advance	-	-	-	-	-	-	-	-	-	-
-	Service concession arrangement	-	-	-	-	-	-	-	-	-	-
19,448	**Total non-current other liabilities and provisions**	**18,610**	**16,671**	**15,697**	**15,145**	**13,430**	**11,593**	**9,578**	**9,639**	**9,702**	**9,763**

	NOTE 8										
	Equity										
1,733,853	Capital reserve	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853
199,169	Reserve funds	220,843	223,022	240,216	245,719	259,560	269,217	292,934	308,612	327,521	349,787
11,092,821	Asset revaluation reserves	12,509,780	13,125,847	13,596,487	14,134,048	14,666,855	15,191,725	15,706,622	16,235,014	16,751,200	17,279,847
5,057,878	Retained earnings	5,127,138	5,406,111	5,433,976	5,488,126	5,541,980	5,624,758	5,716,856	5,828,074	5,939,638	6,048,445
18,083,721	**Total equity**	**19,591,614**	**20,488,833**	**21,004,532**	**21,601,746**	**22,202,248**	**22,819,553**	**23,450,265**	**24,105,553**	**24,752,212**	**25,411,932**

Statement of significant accounting policies

Christchurch City Council ("Council") is a territorial authority governed by the Local Government Act 2002. The primary objective of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. It is classified as a Public Benefit Entity.

These prospective financial statements are for the Council as a separate legal entity. Consolidated prospective financial statements comprising the Council and its subsidiaries and associates have not been prepared as the services which Council provides to the City are fully reflected within the Council's financial statements.

Basis of preparation

(i) Statement of compliance

These prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice.

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

(ii) Prospective Financial Statements

The prospective financial statements comply with Tier 1 PBE Standards, (including PBE FRS 42 – Prospective Financial Statements).

In accordance with PBE FRS 42, the following information is provided:

<u>Description of the nature of the entity's current operation and its principal activities</u>

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined the primary objective of the Council is to provide infrastructure and public services for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for financial reporting purposes, within this Annual Plan and the 2024 – 2034 Long Term Plan.

<u>Purpose for which the prospective financial statements are prepared</u>

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 10 years and include them within the Long Term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

Basis for assumptions, risks and uncertainties

The prospective financial statements have been prepared on the basis of best estimate assumptions of future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined in this Annual Plan.

Cautionary Note

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

Other Disclosures

The prospective financial statements were authorised for issue on 27 June 2024 by the Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying the prospective financial statements and all other disclosures. The Annual Plan is prospective and contains no actual operating results.

(iii) Measurement base

The reporting period for these prospective financial statements is the 10 year period ending 30 June 2034. The functional currency of the Council is New Zealand dollars and the statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

The prospective financial statements have been prepared based on the historical cost basis, modified by the revaluation of certain assets and liabilities as identified in this statement of significant accounting policies.

The prospective financial statements do not disclose audit fees or imputation credits, and no comment is included regarding the effect on the community of the Council's existence or operations. This information is fully disclosed in the Annual Report.

Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which Council provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Council's revenue will be categorised non-exchange.

As the Council satisfies an obligation which has been recognised as a liability, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction.

Specific accounting policies for the major categories of revenue are outlined below:

(i) Rates

Rates are set annually by resolution from the Council and the revenue and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in surplus or deficit at the time of invoicing.

General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Parent considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when the Parent has received an application that satisfies its Rates Remission Policy.

Rates collected on behalf of the Canterbury Regional Council (Environment Canterbury or ECAN) are not recognised in the financial statements, as the Parent is acting as an agent for the ECAN.

(ii) Goods sold and services rendered

Revenue from the sale of goods is recognised in surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

(iii) Finance revenue

Finance revenue comprises interest receivable on funds invested and on loans advanced. Finance revenue is recognised in surplus or deficit as it accrues, using the effective interest rate method.

(iv) Rental revenue

Rental revenue from investment and other property is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Rental revenue is classified as exchange revenue where it is considered to reflect a market/arm's length rental.

(v) Grants revenue (including government grants)

Grant revenue is recognised on receipt, except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when the resources received are subject to a condition such as an obligation to return those resources received in the event that the conditions attached are breached. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.

Grant revenue is categorised as non-exchange revenue.

(vi) Dividend revenue

Dividend revenue is classified as exchange revenue and is recognised when the shareholder's right to receive payment is established.

(vii) Finance lease revenue

Finance lease revenue is classified as exchange revenue and is allocated over the lease term on a systematic basis. This revenue allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

(viii) Development contributions

Development contributions are classified as exchange revenue and recognised as revenue in the year in which they are received.

(ix) Other gains

Other gains include gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging below).

(x) Vested assets and donated goods

Where a physical asset is received for no or minimal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council and goods donated are recognised as revenue when control over the asset is obtained. Vested assets and donated goods are categorised as non-exchange revenue.

(xi) Building and Resource Consent Fees

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

(xii) Entrance Fees

Entrance fees are fees charged to users of the Council's local facilities, such as the zoo, pools, museum, and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

(xiii) Landfill Fees

Fees for disposing of waste at the Council's landfill are recognised upon waste being disposed by users.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

(i) Operating lease payments

Payments made under operating leases are recognised in surplus or deficit proportionally over the term of the lease. Lease incentives received are recognised in surplus or deficit as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in surplus or deficit using the effective interest rate method. Interest payable on borrowings is recognised as an expense in surplus or deficit as it accrues.

(iv) Other losses

Other losses include losses on the sale of property, plant and equipment and investments *(see* Investment Policy*)* and losses arising from derivative financial instruments (see Hedging below).

(v) Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant and any grant criteria are met. Rates remissions are treated as discretionary grants to the recipient of the remission in accordance with the Council's Rates Remission Policy.

Income tax

Income tax on the surplus or deficit for the year includes current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the reporting date.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in surplus or deficit in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Property, plant and equipment

The following assets are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation:

- Land (other than land under roads)
- Buildings
- Infrastructure assets
- Heritage assets
- Works of art

For assets being revalued, the total accumulated depreciation prior to the date of valuation is transferred to the gross carrying amount of the asset. The new carrying value amount is then restated to the new revalued amount of the asset.

Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value. All other property, plant and equipment (including land under roads), are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be reliably measured. All other repairs and maintenance are charged within surplus or deficit during the financial period in which they are incurred.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading Revaluation reserve. However, the net revaluation increase shall be recognised in surplus or deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in surplus or deficit.

Land and buildings in the “Restricted Asset” category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as shown in the following table:

Operational Assets:	**Estimated Useful Life**
Buildings	1-100 yrs
Land improvements	10-60 yrs
Office and computer equipment	1-10 yrs
Mobile plant including vehicles	2-30 yrs
Leasehold land improvements	5-100 yrs
Library books	3-8 yrs
Vessels	5-25 yrs
Sealed surfaces (other than roads)	9-100 yrs
Buses	17-26 yrs
Container cranes	30 yrs
Harbour structures	3-50 yrs
Seawalls	100 yrs
Telecommunications infrastructure	12-50 yrs
Electricity distribution system	60 yrs
Electricity load control equipment	60 yrs

Infrastructure Assets:	**Estimated Useful Life**
Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	20-80 yrs
Surface	2-80 yrs
Streetlights and signs	5-50 yrs
Kerb, channel, sumps and berms	80 yrs
Tram tracks and wires	40-100 yrs
Parking meters	10 yrs
Railings	20-50 yrs
Landscape/medians	8-80 yrs
Drain pipes/culverts/ retaining walls	20-115 yrs
Bridges	70-100 yrs
Bus shelters and furniture	6-40 yrs
Water supply	2-130 yrs
Water meters	25-40 yrs
Stormwater	20-150 yrs
Waterways	10-100 yrs
Sewer	40-150 yrs
Treatment plant	15-100 yrs
Pump stations	5-100 yrs

Restricted Assets:	**Estimated Useful Life**
Planted areas	15-115 yrs
Reserves – sealed areas	10-60 yrs
Reserves – structures	10-80 yrs
Historic buildings	20-125 yrs
Art works	1000 yrs
Heritage assets	1000 yrs

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included as revenue or expenses. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets are transferred to retained earnings.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Council.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(ii) Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment).

(iii) Carbon Emission Units

The Parent being a public benefit entity records carbon credits received from the Crown upon the registration of indigenous and exotic forest and plantations at historical cost. Group entities that prepare financial statements on the basis of “for profit” accounting standards record carbon emission units at fair value. The consolidated group financial statements are restated to historical cost for this class of intangible assets.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible Assets:	Estimated Useful Life
Computer Software Licenses	1-10 yrs
Computer Software Development Costs	1-10 yrs
Resource consents and easements	5-25 yrs
Patents, trademarks and licenses	10-20 yrs

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses. Derivative financial instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy the Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially and subsequently at fair value. Changes in fair value are recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship. (see Hedging below).

Hedging

The Council uses derivatives to hedge its exposure to interest rate risks. The derivatives are designated as either cash flow hedges (hedging highly probable future transactions (borrowing)) or fair value hedges (hedging the fair value of recognised assets or liabilities).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense, limited to the cumulative change in the fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. When the hedging relationship ceases to meet the criteria for hedge accounting any gain or loss recognised in other comprehensive revenue and expense and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in surplus or deficit. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in surplus or deficit.

Changes in the fair value of derivatives that are designated as fair value hedges are recorded in surplus or deficit, together with changes in the fair value of the hedged asset or liability. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in surplus or deficit. When the hedging relationship ceases to meet the criteria for hedge accounting the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to surplus or deficit from that date.

Investments

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the assets (other than financial assets at fair value through surplus or deficit). Transaction costs directly attributable to the acquisition of financial assets at fair value through surplus or deficit are recognised immediately in surplus or deficit.

The Council classifies its investments into the following categories:

(a) Financial assets measured at amortised cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortised cost.

(b) Fair value through other comprehensive revenue or expense (FVTOCRE)

Financial assets held for collection of contractual cash flows and for selling where the cash flows are solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value through other comprehensive revenue or expense (FVTOCRE).

Changes in the carrying amount subsequent to initial recognition as a result of impairment gains or losses, foreign exchange gains and losses and interest revenue calculated using the effective interest method are recognised in surplus or deficit. The amounts that are recognised in surplus or deficit are the same as the amounts that would have been recognised in surplus or deficit if these financial assets had been measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive revenue and expenses. When these financial assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive revenue and expense are reclassified to surplus or deficit.

On initial recognition the Council may make the irrevocable election to designate investments in equity investments as at FVTOCRE. Designation at FVTOCRE is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which PBE IFRS 3 applies. Subsequent to initial recognition equity investments at FVTOCRE are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive revenue and expense. The cumulative gain or loss will not be reclassified to surplus or deficit on disposal of the equity investments, instead, they will be transferred to accumulated surplus.

(c) Fair value through surplus or deficit

By default, all other financial assets not measured at amortised cost or FVTOCRE are measured at fair value through surplus or deficit.

Financial assets at fair value through surplus or deficit are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset.

(i) Investment in subsidiaries and unlisted shares

The Council’s equity investments in its subsidiaries and unlisted shares are classified as financial assets at fair value through other comprehensive revenue or expense.

(ii) Loan advances and investments in debt securities

General and community loan advances classified as financial assets are measured at fair value through surplus or deficit.

Investment in debt securities are classified as financial assets measured at fair valued through surplus and deficit based on future cash flows.

Loan advances and investment in CCOs bond are measured at amortised cost.

Investment in LGFA Borrower Notes are measured at fair value through surplus and deficit based on future cashflows and prevailing market interest rates.

(iii) Term Deposits

Term deposits are measured at amortised cost.

Trade and other receivables

Trade and other receivables are classified as financial assets at amortised cost and are initially measured at fair value and subsequently measured at amortised cost less the recognition of any expected credit losses (ECL) over the life of the asset. An expected credit loss allowance (ECL) has been made for each class of debtor and the estimate is based on the measurement of expected credit losses on historical, current and projected information. The balance of the movement is recognised in net surplus and deficit for the current financial year (see Impairment Policy).

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Impairment

(i) Impairment of financial assets

The Council recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCRE. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Council recognises expected lifetime credit losses when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Council measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses. The assessment of whether expected lifetime credit losses should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months expected credit losses represent the portion of lifetime expected credit losses that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(ii) Impairment of non-financial assets

For the purpose of assessing impairment indicators and impairment testing, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets.

Property, plant and equipment measured at fair value however is reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The carrying amounts of the Council's other assets, other than investment property (see *Investments Policy*) and deferred tax assets (see *Income Tax Policy*), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised through surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

(iii) Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial instruments) and adjusted for expected credit loss. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a PBE, Council uses depreciated replacement cost to assess value in use where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. Where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the statement of financial position.

Interest Bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Service Concession Arrangements

The Council may acquire infrastructural assets by entering into a service concession arrangement (SCA) with a private operator to build, finance, and operate an asset over a specified period.

Assets acquired through an SCA are initially recognised at their fair value, with a corresponding liability. The asset is subsequently measured following the accounting policies above for property, plant, and equipment.

The Council has only entered into SCAs whereby the Council pays for the services provided by the operator. The monthly payments to the operator are recognised according to their substance as a reduction in the liability for the build of the asset, a finance expense, and an expense for charges for services provided by the operator.

Provisions

A provision is recognised in the statement of financial position when the Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee entitlements

The employee compensation policy is based on total cash remuneration (excludes any non-financial benefits provided to employees): a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of the Council's liability for the following short and long-term employee entitlements.

(i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately before the reporting date.

Liabilities for accumulating short-term compensated absences (e.g. sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately before the reporting date that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

(ii) Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in surplus or deficit when incurred.

Superannuation is provided as a percentage of remuneration.

Leases

(i) As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Aright of use asset is recognised as the Council has full benefit under a finance lease and is depreciated as if the assets are owned.

(ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Net Assets / Equity

Net assets or equity is the community's and ratepayers' interest in the Council. It is measured as the difference between total assets and total liabilities. Net assets or equity includes the following components:

- Asset revaluation reserve
- Fair value through other comprehensive revenue and expense reserve
- Hedging reserves
- Reserve funds
- Capital reserves
- Retained earnings

Third party transfer payment agencies

The Council collects monies for many organisations. Where collections are processed through the Council's books, any monies held are shown as accounts payable in the prospective statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised as revenue.

Goods and Services Tax

The prospective financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Donated services

The Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms, and for this reason are not included in the prospective financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Corporate overhead is allocated either directly or indirectly to external service activities as follows:

- Civic Offices costs: pro rata based on the number of desks held for use for each area.
- Digital (IT) costs: pro rata based on the total number of active users.
- All other costs: pro rata based on the gross cost of external service activities.

Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing prospective financial statements to conform to PBE Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances.

These are outlined in the Significant Forecasting Assumptions section.

These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources.

Subsequent actual results may differ from these estimates. Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or in future periods if it also affects future periods.

Significant Forecasting Assumptions

In preparing this Long Term Plan it was necessary for Council to make a number of assumptions about the future. The following tables identify those forecasting assumptions which are significant in that if actual future events differ from the assumptions, it could result in material variances to this Plan. The table also identifies the risks that underlie those assumptions, the reason for that risk, and an estimate of the potential impact on the Plan if the assumption is not realised.

A number of assumptions have such a high level of uncertainty the financial impact of a change in the assumption is not able to be quantified. In these situations, a description of the impact has been provided.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
1. Capital Programme and infrastructure assets			
1.1 **Capital Works.** Programmes and projects are assumed to be delivered within budget and on time and to required quality specifications. The capital programme is generally managed within overall budget allocations requiring changes to programme or project budget to be found within available budgets. At a corporate level provision is made for delayed delivery by forecasting an annual capital budget carry forward based on historic delivery trends. There may also be some projects delivered ahead of forecast and these will be managed within borrowing allowances via bring backs.	If actual costs vary from estimates, due to higher input prices and/or delivery delays, then this could result in budget shortfalls. However, Council has tendered significant work and estimates are based on the best available information. Delays could also be due to consenting and consultation requirements. See also 3.8 for Covid impact.	High	To the extent possible Council staff seek to proactively manage the delivery of capital works, substituting projects within a programme where necessary. Those that are unable to be completed as planned in any year of the Long Term Plan may be carried forward. The implications of this are: • Possible additional reactive opex; not all delays lead to additional costs. • Possible reduction in opex if the delay relates to a new facility that isn't self-funding. • Projects may cost more than planned due to inflation. • Less funds will need to be borrowed in the short term. Delaying new borrowing will impact on the timing of financing costs. • Possible reduction to levels of service provided.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
			• Any inflationary increase in Council's costs that is not offset by efficiency gains or revenue is likely to impact the timing of future works or increase borrowing, or lead to a reduced scope of work to be completed within the allocated budget.
1.2 **Sources of funds for replacing assets.** The sources of funds will occur as projected.	If funding does not occur as projected, then borrowing is required.	Low	If required, Council is well placed to borrow funds as required and remain within its LGFA benchmarks. The impact to ratepayers of every $10 million of additional borrowing for capital works is approximately 0.1% increase to rates spread over two years. This increase accounts for the interest cost and repayment of the borrowing over 30 years.
1.3 **Asset life.** Useful life of assets is as recorded in asset management systems and plans or based upon professional advice (the Accounting Policies detail the useful lives by asset class).	If the useful life of an asset/s is significantly shorter than expected, then the asset will need to be replaced sooner than planned and budgeted for. If the useful life of an asset is longer than expected, then the asset may be replaced sooner than required resulting in a loss of economic life and a consequential higher cost of service.	Moderate	Council maintains its databases with the latest known condition information. However, piped networks are below ground making asset condition more difficult to assess reliably. Ideally assets are replaced just in time. Earlier replacement would put more pressure on the Council’s capital programme, financing costs and rates requirement. Late replacement can lead to more expensive replacement costs plus generally greater impacts on the operational costs, community and the environment.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
1.4 **Carrying value of assets.** The opening statement of financial position reflects correct asset values. The carrying value of assets are reviewed and updated on a regular basis.	If asset revaluations differ to that planned and change projected carrying values depreciation expense and certain ratios may be impacted.	Low	Land and buildings were independently revalued as of 30 June 2022, using market value where appropriate. Wastewater, water supply and stormwater assets, were independently revalued as of 30 June 2023. Roading assets were independently revalued as of 30 June 2022. The valuation of the Council's facilities and infrastructure assets at optimum depreciated replacement cost involves a significant amount of judgement in estimating the replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets. *Note: That the asset values of three waters, roads and footpaths assets include additions (at cost less depreciation) and disposals since the last valuation.*
2. Inflation. Growth and Population			
2.1 **Inflation.** The price level changes projected will occur. Council has considered both information provided by Business Economic Research Limited (BERL) to all local authorities and a weighted mix of its own cost inputs in determining appropriate inflators. It also receives external advice on forecast future salary movements. Where specific contractual or determined increases are not identified Council has used an inflation assumption of 4.2% for operational costs for the 2024/25 plan.	If inflation is materially higher or lower than anticipated then the Council will have a revenue shortfall or surplus relative to its planned work programme. If inflation on costs is not offset by inflation on revenues then the Council will have a revenue shortfall relative to affected planned work programmes.	Moderate Low	Short-term impacts will be managed by managing costs to budget without impacting levels of service where possible. If increased costs and/ or reduced revenues negatively impacts on the Council's balance sheet it could lead the Council to decide to borrow more, increase rates and or fees and charges, or reduce service/ project delivery or a combination of all the above. However, these risks are considered to be unlikely to eventuate to a significant degree within a single rating year. Any decision to significantly cut services or increase

<table>
<tr><th>Assumption</th><th>Risk</th><th>Level of Uncertainty</th><th>Mitigations, Reasons and Financial Impact of Uncertainty</th></tr>
<tr><td></td><td></td><td></td><td>debt would be more likely to be addressed in a future Annual Plan or Long Term Plan.</td></tr>
<tr><td colspan="4">Different forecast inflation figures for capital and operational items are used in developing the plan due to the differing mix of cost inputs in each.
<table>
<tr><th>Year</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th><th>2031/32</th><th>2032/33</th><th>2033/34</th></tr>
<tr><td>Capital</td><td>4.8%</td><td>3.4%</td><td>2.3%</td><td>2.4%</td><td>2.4%</td><td>2.2%</td><td>2.2%</td><td>2.1%</td><td>2.0%</td><td>2.0%</td></tr>
<tr><td>Opex</td><td>4.2%</td><td>2.9%</td><td>2.2%</td><td>2.3%</td><td>2.3%</td><td>2.2%</td><td>2.1%</td><td>2.0%</td><td>2.0%</td><td>1.9%</td></tr>
</table></td></tr>
<tr><td>2.2 Economic Environment. This Plan assumes that the economic environment develops broadly in line with the Reserve Bank of New Zealand's Monetary Policy Statement of May 2024, including:
• Economic growth to remain subdued over the medium term, with a low rate of GDP growth over the next year.
• Annual consumer price index inflation to continue its decline but to remain above the 1%-3% target band until late in the 2024 calendar year due to persistent non-tradeable inflation. CPI to return to the 2% target mid-point by the June 2026 quarter.
• Interest rates to remain around current elevated levels over most of the 2024/ calendar year, with a slow reduction in the Official Cash Rate not expected until 2025.</td><td>If unexpected local, national or international economic shocks occur and have a significant negative impact the economic environment affecting Council costs and or revenue, then a range of risk factors may materialise, including:
• An unexpected increase in inflation
• An increased incidence of supply chain interruptions and delays
• An increase in late and non-payment of rates</td><td>Moderate</td><td>A significant deterioration in the economic environment could negatively impact on Council's finance and operating costs, its revenue from sources driven by external demand such as consents and development contributions and on ratepayers' ability to pay rates.

If increased costs and/ or reduced revenue negatively impacts on the Council's balance sheet it could lead the Council to decide to borrow more, increase rates and or fees and charges, or reduce service/ project delivery or a combination of the above.

However, these risks are considered to be unlikely to eventuate to a significant degree within a single rating year. Any decision to significantly cut services or increase debt would be more likely to be addressed in a future Annual Plan or Long-Term Plan.</td></tr>
</table>

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
• The labour market is expected to ease with rising unemployment over the medium term to a peak of 5.1% in mid-2025.. Council has prepared this Plan on the assumption that inflation and interest rates will remain high in the short term – see assumptions for both – but that a significant economic recession will not occur.			
Development contributions revenue. The Council has assumed development will reflect the population and business growth model growth forecasts and has budgeted its development contributions revenue accordingly.	If the number of new properties paying development contributions is significantly less than forecast over the funding life of assets then revenue from development contributions will not be sufficient to fund the growth component of the Council's capital programme. If the timing of growth differs significantly from forecast this will impact on Council's cash flows and may necessitate changes to planned borrowing. The location and timing of development is determined by a number of factors such as market forces which are outside the control of the council.	Low	The timing of growth, and its impact on Council's development contributions revenue, will have a low impact on the borrowing and interest expense assumptions in this Plan. Any shortfall in development contributions revenue must be funded initially by borrowing which is funded from rates over the relevant debt financing term.

<table>
<tr><th>Assumption</th><th>Risk</th><th>Level of Uncertainty</th><th>Mitigations, Reasons and Financial Impact of Uncertainty</th></tr>
<tr><td>2.3 Population. That population and business growth will occur as forecast by the Council’s growth modelling.</td><td>If population and/ or business growth is higher than projected, then the Council will need to provide additional unplanned services and infrastructure.

If growth is lower than projected, then the Council will be required to support excess levels of infrastructure and service delivery.</td><td>Low</td><td>Population projections are based upon a standard set of demographic assumptions. The Council revises its growth modelling annually based on the best information available at the time.</td></tr>
<tr><td>2.4 Rating Base.

Growth in the number and value of rating units to 30 June 2024 is expected to increase the rating base for 2024/25 by $12.6 million (1.85%) compared to 2023/24. This is taken into account when determining the annual rates increase to existing ratepayers.</td><td>If the rating base grows at a materially different rate from that projected, then rates income may be materially different to that planned.</td><td>Low</td><td>Actual growth in the rating base is never known until 30 June because of the process by which it’s measured. Council staff work closely with QV in the period leading up to 30 June in order to have as accurate an assessment as possible. Variances between the forecast and actual growth in the rating base to 30 June of each prior year will cause changes to the total rates revenue collected in the new year.</td></tr>
<tr><td colspan="4">The assumed annual growth in the capital value of the city is 1% over the LTP period. This will increase the rating base as outlined in the table below,
<table><tr><th>Year</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th><th>2031/32</th><th>2032/33</th><th>2033/34</th></tr><tr><td>$ Impact on Rates Base</td><td>$12.575 m</td><td>$7.6 m</td><td>$8.3 m</td><td>$8.9 m</td><td>$9.5 m</td><td>$10.1 m</td><td>$10.7 m</td><td>$11.2 m</td><td>$11.6 m</td><td>$11.9 m</td></tr></table></td></tr>
<tr><td>2.5 Aging population. The number of Christchurch residents over the age of 65 is expected to increase by 150% between 2023 and 2053 to 94,200 (20% of the total population).

By 2053 the number of residents over the age of 80 is expected to be around 7% of the population, compared to around 4% in 2023.</td><td>If the mix of ages within the population is significantly different from that forecast, the range and types of services that have factored in the needs of older persons may need to change.</td><td>Low</td><td>Age projections are produced by Statistics New Zealand on a nation-wide basis. The projections use the most recent census as a starting point. Demographic projections are based on assumptions about future fertility, mortality, migration, inter-ethnic mobility, living arrangement type and labour force participation patterns of the population. Historically the StatsNZ projections</td></tr>
</table>

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
The total number is expected to increase by 209% from 16,300 to 34,000.			have provided an accurate representation of the growth in Christchurch.
3. Impact of policies and external factors			
3.1 **Council policy.** Given the significant extent of government reform, there will be regular updates to Council policy in response to legislative changes and emerging strategic issues. Known changes are appropriately budgeted for.	New legislation is enacted that requires a significant policy response or business change from Council or, Department of the Prime Minister and Cabinet (DPMC) uses its statutory powers such that a change is required to Council policy that was unplanned.	Low	Dealing with changes in legislation is part of normal Council operations. Any financial impact is managed, which may include deferring some work.
3.2 **Waka Kotahi subsidies.** The current Funding Assistance Rate (FAR) of 51% on qualifying expenditure will not change. We will receive the total amount of subsidy that we have assumed we will receive.	If there are changes in the FAR, and/or the overall amount in the National Land Transport Fund, then there could be changes to government transport priorities, and to funding eligibility criteria for projects which could impact on the amount of subsidy we receive from Waka Kotahi or change the projects for which we receive funding. Given this level of uncertainty, there is a high risk to the Council's projected revenue for some transport projects, arising from uncertainties in how government policy and priorities will translate into funding decisions.	High	Changes to government funding priorities and Waka Kotahi funding decisions are outside Council control and the risk varies from project to project. The maximum financial impact would be the elimination of the subsidy, which is extremely unlikely. Decisions on what improvement projects will be funded through the National Land Transport Fund will not likely be confirmed until after approval of the Detailed Business Case, and this means there is some inherent uncertainty around funding for some improvement projects. The Council is regularly in discussions with Waka Kotahi to gain more clarity on which projects will receive funding. The final shape of the new Governments priorities will not be confirmed until later in the year. If the new Governments funding priorities impact on the proposed

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
			transport works programme, the Council will consider options and, where appropriate, consult the community.
3.3 **Resource Consents.** Conditions of resource consents held by Council will not be significantly altered.	Conditions required to obtain/maintain the consents will change, leading to the costs to obtain resource consents and/or implement consent conditions being higher than anticipated. These costs would not be covered by planned funding. Council is currently working through the Akaroa wastewater consent issues.	Moderate/ Low	Advance warning of likely changes is anticipated. The financial impact of failing to obtain/renew resource consents cannot be quantified.
3.4 **Legislative and Regulatory change.** The Government has initiated a significant reform programmes that will, in time, impact on the legislative and regulatory frameworks within which local government currently operates. These current reform programmes are; the local water done well reform and resource management reform which may influence the future of local government. Given the expected timelines of the review processes the Council has assumed that no significant legislative or regulatory change will impact on the Council in the coming year, although this might change if the government	Should the local government legislative environment change, the activities, and services the Council plans to provide over the period of this Plan could change which could impact on Council's costs and revenue requirements.	Low	The Government has several review programmes in progress which will significantly change the roles and responsibilities of local government as changes are implemented over time. At the time of preparing this Plan the Council is unable to determine how any potential legislative change might impact its operations or quantify the potential financial impact. Expected costs relating to enactment of the RMA (Housing Bill) and to the Council's involvement in Government reform processes have been incorporated in this Plan.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
follows through on its intention to enact the water service entities bill this year. The reform programmes are each covered in more detail below.			
3.5 **Local water done well reform.** The Council will continue to deliver water services over the life of the LTP and has budgetted accordingly. Under the proposed legislation, it is assumed there will be no mandated requirement on Council to transfer its waters assets and liabilities to a new Entity , although the proposed legislation may permit this to occur at Council's choice. The government has repealed the the 3 Waters Reform legislation and has implemented its own water reform proposals.	If the transfer of three waters assets and responsibility for service delivery to a new water services entity proceeds, then large parts of this Long Term Plan will be inaccurate. If this occurs out of cycle with the 3 yearly LTP programme, this will then require significant budgeting and operating changes for the Council through an amended LTP process.	Moderate	The Council is in close contact with the National Transition Unit department within the Department of Internal Affairs which is responsible for overseeing the transfer of three waters assets and service delivery to water services entities. The NTU is very aware that it needs to be transparent with requirements on councils in this process. The work programmes and budgets for three waters activities have been prepared as if the Council will deliver these services indefinitely though with close liaison with the NTU to facilitate a smooth transition.
3.6 **Potential climate change impacts.** The Ministry for the Environment and Stats NZ "Environment Aotearoa 2019" report states all aspects of life in New Zealand will be impacted by climate change. The projected local changes to climate that we must prepare for are: a. 0.48 metre rise in sea-level by 2070 and 1 metre sea-level rise by 2100;	The timing or severity of any climate change impacts could be worse than expected, meaning the Council is not sufficiently prepared.	Low	The Council has developed a Climate Resilience Strategy, which identifies action programmes to respond to the impacts of climate change and the legislative requirements to consider the impacts of climate change. Variability in changes to the climate and its impacts and how we respond could result in different financial impacts. We have significant work to do to have a better understanding of our exposure and vulnerability to the

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
b. average temperatures will rise 0.5°C – 1.5°C by 2040 and by 3.5°C by 2090 c. changes in rainfall and extreme weather events.			impacts of climate change on our assets and how we adapt, to determine the financial impacts. A Climate Resilience Fund is also proposed to build a fund over the longer term to respond to the impacts of climate change, along with continuing to invest in climate adaptation efforts and partnerships with communities and rūnanga.
3.7 Future reform of local government. The nature of Council's activities and operations for the period of the Long Term Plan 2024-34 will be consistent with the activities and operations outline in the LTP and any reform of local government will not materially impact on its costs or financial position over the life of the LTP 2024-34.	If significant changes to local government functions and/ or structure materialise then this could have a significant impact on work programmes and budgets detailed in this LTP.	High	If significant changes to local government functions and/ or structure materialise then work programmes and budgets will need to be amended. This can be done through the LTP 2027-37 or through Annual Plans prepared in the intervening years. It is possible the Council may need to undertake a formal LTP amendment if changes are significant.
3.8 Impact of Covid–19 or other public health pandemic Operational and Capital Programme delivery will be able to occur without significant financial, staffing or deliverability issues due to Covid-19 or future similar situtaions (to be reviewed as required).	If Covid-19 or another public health pandemic re-emerges as a significant health risk resulting in lockdowns and other responses that interrupt normal work life, then the Council is unlikely to be able to deliver its work programme as planned and budgeted.	Low	Council's policy response, which aligns with public health advice, aims to minimise risk to staff and the public while continuing to provide services. The Council better understands the implications of a Covid-19 or similar public health pandemic on its operations and the need to reprioritise work and functions than previously and has plans in place to minimise disruption. The Council is now significantly better prepared to have staff work from home or remotely if required.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
4. Borrowing Related			
4.1 **Credit Rating.** The Council's current rating of AA is maintained.	If the Council's credit rating with Standard and Poor's is downgraded, then the Council's cost of borrowing is likely to increase. This would increase the budget required to service debt which would reduce funding available for other things.	Low	A one-notch downgrade at some point in the future (i.e., from AA to AA-) would not affect any debt existing at the time but would increase the cost of new borrowing and refinancing by an estimated 5 basis points (0.05 percentage points) for the life of the borrowing. Such an event occurring at the start of 2024/25 would increase interest costs by an estimated $0.1 million in 2024/25, rising to $1.6 million by 2033/34.
4.2 **Borrowing Costs.** Net cost of ratepayer funded borrowing (i.e. including current and projected debt) is projected to be 5.1% in 2024/25.	If interest rates increase to above the assumed level, then the Council's debt servicing costs will increase. This would increase the budget required to service debt which would reduce funding available for other things.	Moderate	Council manages its interest rate exposure in accordance with its Liability Management Policy, and in line with advice from an independent external advisor. Projected debt is mostly hedged to reduce exposure to market rate fluctuations, but a moderate amount of risk remains. Market interest rates 0.5% higher than projected would increase interest costs by around $3.1m in 2024/25.
The net cost of new borrowing includes assumed long-term market interest rates (based on a fixed/floating mix of 75/25% and including Council's borrowing margin) of:			

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Total rate	5.50%	5.25%	5.00%	4.85%	4.70%	4.60%	4.60%	4.60%	4.60%	4.60%

4.3 **Securing External Funding.** New, or renewal of existing borrowings on acceptable terms can be achieved.	If new borrowing cannot be accessed to refinance existing debt or fund future capital requirements, then the Council could need to borrow from	Low	The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Liability Management Policy, plus some undrawn committed lending facilities from banks.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
	unconventional sources or default on its debts.		
4.4 **LGFA Guarantee.** Each shareholder of the LGFA is a party to a deed of Guarantee, whereby they guarantee the obligations of the LGFA and the obligations of other participating local authorities in the event of default.	If the LGFA couldn't meet its obligations, then each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's relative rates income.	Low	The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote. The likelihood of a local authority borrower defaulting is extremely low and LGFA has recovery mechanisms that would be applied prior to any call on the Guarantee. All the borrowings by a local authority from the LGFA are secured by a charge over each local authority's Rates.
4.5 **Opening Debt:** The Council's opening debt of $2,593 million is made up of; • $221 million of equity investments, mainly in CCTOs (Venues Ōtautahi Ltd $185 million), • $790 million of money borrowed for on-lending, (in accordance with the Council's Liability Management Policy), • $1,501 million of capital works and earthquake related borrowing. There is an additional $91.5 million borrowed internally from the Capital Endowment Fund. • $81 million finance lease (Civic Building).	If the Council's actual opening debt differs from forecast, then the debt servicing costs may be higher than budgeted.	Low	Council's debt requirements are well understood and closely managed. It is unlikely that opening debt will be significantly different to forecast.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
5. Investment related			
5.1 **Return on investments.** Interest received on cash and general funds invested is projected to be 5.15% for 2024/25 decreasing to 3.0% by 2027/28. The return on the Capital Endowment Fund (most of which is currently invested internally) is forecast to be 4.45% for 2024/25, increasing to 4.60% by 2033/34.	If interest rates are lower than projected, then Council's revenue from interest will be less than budgeted. Conversely, if interest rates are higher than projected, then Council's revenue from interest will be more than budgeted.	Low	Any financial impact is unlikely to be significant.
5.2 **Value of Investment in Subsidiaries** That the opening statement of financial position reflects the correct investment values.	If CCO revaluations differ significantly from the assumed values, then Council's assets will be overstated.	Low	The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these prospective financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic (currently annually) basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.
5.3 **CCO/CCTO income.** CCHL will deliver dividend income at the levels forecast in this Plan.	If CCHL delivers a lower than projected dividend, then the Council will need to source alternate funding or reduce work programmes funded from dividends. If additional dividend income is received, then the level of borrowing forecast in this Plan will be reduced.	Low	CCOs/CCTOs are monitored by their Statements of Intent and quarterly reporting to the Council.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
5.4 **Tax planning.** The Council (parent) will operate a tax loss for the period covered by this Plan due to the availability of tax deductions on some Council expenditure. This allows the Council's profit-making subsidiaries to make payments (known as subvention payments) to Council instead of tax payments.	If subvention payments are lower than planned, then the Council's revenue will be less than budgeted.	Low	CCTOs are monitored by the Statement of Intent and a quarterly performance reporting process. Returns are expected to continue as forecast in this Plan.
6. Services and Operations			
6.1 **Community housing.** The Council's community housing assets are leased to Otautahi Community Trust, who are responsible for operations, maintenance and renewals. It is assumed that community housing remains ring-fenced from rates, through a separate Housing Fund. The ongoing revenue source for this fund is the lease payments from the Ōtautahi Community Housing Trust.	If lease revenue is not sufficient to enable the social housing portfolio to be financially viable then alternative sources of funding may need to be found which may include funding from rates and property sales. If expenditure is higher than expected expenditure (e.g., due to asset failure or external events) then additional sources of funding may need to be found which may include from rates and property sales. If Council is unable to provide the required funding it may mean a reduced investment in social housing.	Moderate	With a focus on repairing earthquake damage, lifting quality standards, and addressing deferred maintenance, there has been significant expenditure from the fund over the last 5 years. The fund is now in a depleted state and is not anticipated to accumulate in the foreseeable future. During this period, it is at a heightened risk, albeit this is mitigated by the ability to defer some expenditure or sell end of life complexes if necessary.

The total community housing rental revenue forecast in the LTP is as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty

Community Housing Rental Revenue	$16.2m	$16.6m	$17.0m	$17.4m	$17.8m	$18.2m	$18.5m	$18.9m	$19.3m	$19.7m

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
6.2 **Contract Rates.** Re-tendering of major contracts will not result in cost increases in excess of the rate of inflation.	There is currently some post Covid increase in cost around the supply chain. Additionally, some contracts are impacted by the Councils 2021 living wage decision. If there is a significant variation in price from re-tendering contracts, then the costs of providing services will increase beyond what is budgeted.	High	Where possible Council would review the scope of work under an affected contract, or alternatively adjust the budget between services to free up additional funding. Inflation is currently running at 6.7%. On its own, this presents a real risk. However, there also remains volatility in supply chains and shortages of construction materials, placing further upward pressure on costs. The 'post Covid increase' appears greater now than a few months ago, with no sign of its influence diminishing anytime soon. Similarly, the labour market is also under considerable pressure, with organisations routinely increasing wages to retain and secure staff. Inevitably this will impact contract rates. Some potential cost increases may be mitigated or offset through the negotiation period by revising the scope of services or accepting a lower level of services, such as inspections and cleaning frequencies. We will also be challenging/tasking contractors to identify and suggest cost savings and improved efficiencies and consolidating services within existing contracts where possible. However, it is unlikely that any potential savings will outweigh increased contractor and supply costs, so some budgetary adjustments may be necessary.

Assumption	Risk	Level of Uncertainty	Mitigations, Reasons and Financial Impact of Uncertainty
7. Insurance cover and natural disaster financing			
7.1 **Insurance cover.** The Council has adequate Material Damage cover for all above ground buildings which are undamaged and fire cover for significant unrepaired buildings.	Risk of major loss through fire	Low	The results of external and independent modelling suggests that Council's insurance cover is sufficient to meet two times the maximum loss. Any financial impact is not expected to be significant. Recent advice on the mix of coverage now able to be provided on Councils housing stock, will impact premiums.
7.2 **Natural disaster financial implications.** The Christchurch region will at some time experience earthquake, flooding and tsunami events that will result in damage to Council infrastructure. It is assumed the Council's insurance along with central government assistance will cover the cost of repairs.	If the Council's insurance cover and expected Government assistance isn't sufficient to cover the costs of repairing Council infrastructure following a natural disaster, then additional funding will need to be found.	Moderate	Council has limited insurance cover in place for damage to infrastructure networks from flooding, tsunami and earthquake events and relies on the strength of its statement of financial position plus access to central government emergency funding in the event of another major event. Financial implications of another significant natural disaster event are large, particularly when our ability to borrow may be limited due to the high debt to revenue ratios forecast. This risk is considered in preparing forecasts and particular attention is paid to the financial headroom for each year. Financial headroom is a measure of Council's ability to borrow in the event of an emergency. Council is maintaining significant debt headroom to be able to respond to such events.

Reserves and Trust Funds

Reserves and Trust Funds

Special Funds & Reserves	Principal Activity	Purpose ($000)	FORECAST BALANCE 1 July 2024	DEPOSITS	WITHDRAWALS	FORECAST BALANCE 30 June 2034
Capital Endowment Fund - Principal	Economic Development; Recreation, Sports, Comm Arts & Events; Community Development and Facilities	Protected principal of a Fund that generates an ongoing income stream which can be applied to community, economic development, innovation and environment projects	103,933	-	-	103,933
Capital Endowment Fund - Allocatable	as above	Funds available for allocation from investment proceeds of Fund's principal	594	46,827	(47,421)	-
Housing Development Fund	Community Housing	Separately funded Council activity (Housing)	2,961	223,429	(209,497)	16,893
Burwood Landfill Capping Fund	Solid Waste & Resource Recovery	Contributions set aside to fund the future capping of Cell A at Burwood Landfill	607	234	-	841
Historic Buildings Fund	Heritage Management	To provide for the purchase by Council of listed heritage buildings threatened with demolition, with the intention of reselling the building with a heritage covenant attached	1,291	11	-	1,302
Community Loans Fund	Community Development and Facilities	To lend funds to community organisations to carry out capital projects	3,157	-	-	3,157
Dog Control Account	Regulatory Compliance & Licencing	Statutory requirement to set aside the surplus from all Dog Control accounts	2,823	32,843	(32,201)	3,465
Non Conforming Uses Fund	Strategic Planning, Future Development and Regeneration	To enable Council to purchase properties containing non-conforming uses causing nuisance to surrounding residential areas and inhibiting investment and redevelopment for residential purposes. The intention is to remove the buildings and extinguish existing use rights	1,982	764	-	2,746
Flood Defence Fund	Flood Protection and Control Works	To fund flood defence works	871	336	-	1,207
Conferences Bridging Loan Fund	Economic Development	To provide bridging finance to organisers to allow them to promote, market and prepare initial requirements for major events and conferences, repaid by first call on registrations	510	-	-	510
Cash in Lieu of Parking	Transport Access	To hold contributions from property developers in lieu of providing parking spaces. Used to develop parking facilities	709	273	-	982
Loan Repayment Reserve	Corporate	To facilitate repayment of rate funded loans	-	1,111,142	(1,111,142)	-
Contaminated Sites Remediation	Community Housing	To fund contaminated land remediation work at Housing sites	254	-	-	254
Commercial Waste Minimisation	Solid Waste & Resource Recovery	For investment in initiatives that assist in the achievement of the Council's goal of zero waste to landfill	68	-	-	68
Misc Reserves	Various	Minor reserves	228	806	-	1,034
Bertelsman Prize	Governance & Decision Making	For provision of in-house training programmes for elected members and staff which have an emphasis on improving excellence within the Council	20	-	-	20
WD Community Awards Fund	Community Development and Facilities	To provide an annual income for assisting in the study, research, or skills development of residents of the former Waimairi District (within criteria related to the Award)	25	10	-	35
Wairewa Reserve 3185	Flood Protection and Control Works	To enable drainage works relative to Lake Forsyth	139	53	-	192

Special Funds & Reserves	Principal Activity	Purpose ($000)	FORECAST BALANCE 1 July 2024	DEPOSITS	WITHDRAWALS	FORECAST BALANCE 30 June 2034
Wairewa Reserve 3586	Flood Protection and Control Works	To enable letting out Lake Forsyth into the sea in times of flood	50	19	-	69
QEII Sale Proceeds	Parks and Foreshore	For investment in initiatives that promote the most appropriate and productive use of remaining Council land on QEII site	2,159	-	-	2,159
Reserve Management Committee Funds	Community Development and Facilities	To enable maintenance and improvements at public reserves in Duvauchelle and Okains Bay	803	7,539	(8,359)	(17)
Climate Resilience Fund	Corporate	Establishment of a fund to minimise the burden on rate payers of future costs incurred a result of or to minimise the impacts of climate change on Christchurch.	-	114,096	-	114,096
Weather Event Fund	Corporate	Fund established for costs of future weather events	1,100	-	-	1,100
Cathedral Restoration Grant	Strategic Planning, Future Development & Regeneration	A grant of $10 million (spread over the period of the reinstatement) towards the capital cost of reinstatement, to be made available once other sources of Crown and Church funding have been applied to the reinstatement project. Any interest will be available for other heritage projects	3,712	4,724	(7,000)	1,436
Development & Financial Contributions						
- Cemeteries	Parks and Foreshore	Development and financial contributions held for growth related capital expenditure	-	-	-	-
- Libraries	Libraries	Development and financial contributions held for growth related capital expenditure	-	-	-	-
- Reserves	Parks and Foreshore	Development and financial contributions held for growth related capital expenditure	58,729	9,202	(9,202)	58,729
- Transport	Transport Access	Development and financial contributions held for growth related capital expenditure	7,001	39,431	(39,431)	7,001
- Stormwater & Flood Protection	Stormwater drainage; Flood protection and control works	Development and financial contributions held for growth related capital expenditure	1,018	55,534	(55,534)	1,018
- Water Supply	Water Supply	Development and financial contributions held for growth related capital expenditure	8,133	33,984	(33,984)	8,133
- Wastewater Collection	WW Collection, Treatment & Disposal	Development and financial contributions held for growth related capital expenditure	17,745	92,182	(92,182)	17,745
- Wastewater Treatment	WW Collection, Treatment & Disposal	Development and financial contributions held for growth related capital expenditure	-	33,984	(33,984)	-
			220,622	**1,807,423**	**(1,679,937)**	**348,108**

Trusts & Bequests	Principal Activity	Purpose ($000)	FORECAST BALANCE 1 July 2024	DEPOSITS	WITHDRAWALS	FORECAST BALANCE 30 June 2034
Mayor's Welfare Fund	Corporate	Various Bequests made for Mayor's Welfare Fund intended to provide assistance to families and individuals in the community who are in extreme financial distress	1,262	-	-	1,262
Housing Trusts & Bequests	Community Housing	Various bequests made for the provision of Housing	105	40	-	145
Cemetery Bequests	Parks and Foreshore	Various bequests made for the maintenance of cemeteries	79	30	-	109
CS Thomas Trust - Mona Vale	Parks and Foreshore	Funds set aside for restoration work at Mona Vale	43	17	-	60
Woolston Park Amateur Swim Club	Community Development and Facilities	Scholarship programme including an Annual Talented Swimmer Scholarship and an Annual Potential Swimmer Scholarship utilising the former Woolston Park Amateur Swimming Club monies gifted to the Council	13	5	-	18
Parklands Tennis Club	Recreation, Sports, Comm Arts & Events	Residual funds passed to the Council from the windup of the Parklands Tennis Club	21	8	-	29
19th Battalion Bequest	Parks and Foreshore	Funds passed to the Council by the 19th Battalion and Armoured Regiment to help fund the maintenance of the 19th Battalion and Armoured Regiment Memorial area	19	7	-	26
Yaldhurst Hall Crawford Memorial	Community Development and Facilities	Funds left by Mr Crawford for capital improvements to the Hall	12	5	-	17
Sign of Kiwi Restoration Fund	Heritage Management	Funds set aside for restoration work at the Sign of the Kiwi	5	2	-	7
Fendalton Library Equipment Bequest	Libraries	Bequest made to fund equipment at the Fendalton Library	4	1	-	5
W A Sutton Art Gallery Bequest	Christchurch Art Gallery	Bill Sutton's desire that any proceeds and benefits from copyright fees that might be charged be utilised for the acquisition and advancement of Canterbury Art	1	-	-	1
			1,564	**115**	**-**	**1,679**
TOTAL RESERVE FUNDS			**222,186**	**1,807,538**	**(1,679,937)**	**349,787**

Capital Endowment Fund

Capital Endowment Fund

In April 2001, Council set up a Capital Endowment Fund of $75 million. This fund was established using a share of the proceeds from the sale of Orion's investment in a gas company. The Fund provides an ongoing income stream which can be applied to specific projects.

Current Council resolutions in respect of the fund can be found on our website: https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/policies/investment-and-funds-policies/capital-endowment-fund-policy/

Annual Plan 2023/24	$000	Long Term Plan 2024 - 2034									
		2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
	Capital of the Fund										
104,032	Opening balance	103,933	103,933	103,933	103,933	103,933	103,933	103,933	103,933	103,933	103,933
-	Inflation protection	-	-	-	-	-	-	-	-	-	-
104,032	**Closing balance**	**103,933**	**103,933**	**103,933**	**103,933**	**103,933**	**103,933**	**103,933**	**103,933**	**103,933**	**103,933**
	Income allocation										
202	Unallocated funds from prior year	594	-	-	-	-	-	-	-	-	-
4,691	Net interest earnings (after inflation protection if any)	4,651	4,750	4,719	4,791	4,739	4,687	4,646	4,656	4,594	4,594
4,893	Funds available for allocation	5,245	4,750	4,719	4,791	4,739	4,687	4,646	4,656	4,594	4,594
	Allocations										
500	Rates-funded General Grants funded by CEF for 2023/24	-	-	-	-	-	-	-	-	-	-
939	Christchurch NZ funding	939	966	988	988	988	988	988	988	988	988
600	Christchurch NZ - events	600	618	632	632	632	632	632	632	632	632
390	Park Rangers	-	-	-	-	-	-	-	-	-	-
350	Environmental/Climate Change Partnership Fund	300	-	-	-	-	-	-	-	-	-
350	Community Partnership Fund	-	-	-	-	-	-	-	-	-	-
200	Pukeko Centre	-	-	-	-	-	-	-	-	-	-
130	Woolston Brass	-	-	-	-	-	-	-	-	-	-
60	New Brighton Community Gardians	-	-	-	-	-	-	-	-	-	-
85	Papatipu Rūnanga Partnership Worker	-	-	-	-	-	-	-	-	-	-
-	Santa Parade	125	125	125	-	-	-	-	-	-	-
-	Orana Wildlife Park	260	260	260	-	-	-	-	-	-	-
-	Arts Centre	250	250	-	-	-	-	-	-	-	-
-	Watch This Space - Street Art Programme	298	250	250	-	-	-	-	-	-	-
-	Rainbow Project	50	50	-	-	-	-	-	-	-	-
-	Arts & Culture Fund	-	-	50	-	-	-	-	-	-	-
3,604	Funds allocated	2,822	2,519	2,305	1,620	1,620	1,620	1,620	1,620	1,620	1,620
1,289	**Balance available for allocation**	**2,424**	**2,231**	**2,414**	**3,172**	**3,120**	**3,068**	**3,026**	**3,036**	**2,974**	**2,974**

Financial Prudence Benchmarks

Financial Prudence Benchmarks

Long Term Plan disclosure statement for period commencing 1 July 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

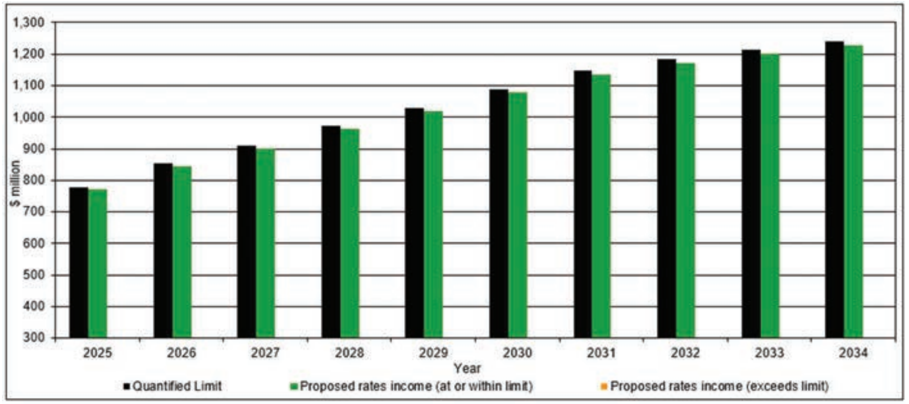
Rates affordability benchmark

The Council meets the rates affordability benchmark if—

- its planned rates increases equal or are less than each quantified limit on rates increases.

This graph compares the Council's planned rates increases with the quantified limit on rates increases contained within the financial strategy and included in this long-term plan.

The quantified limit is set at 1% above the nominal year on year increase in rates income contained in the plan's financial strategy.

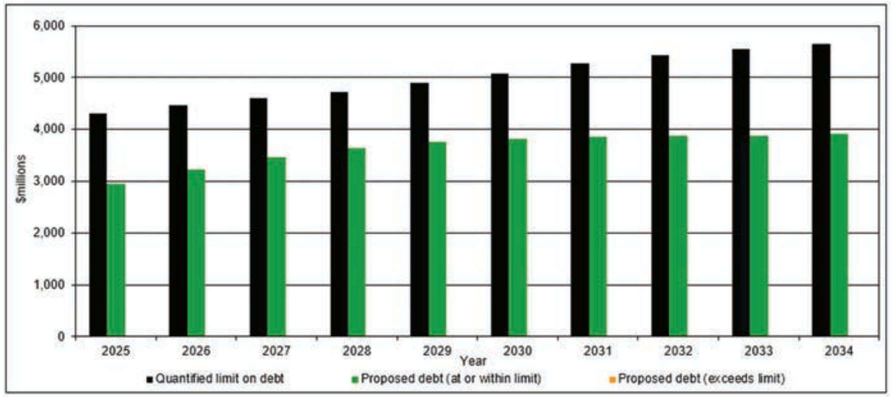


Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The Council has six measures for debt affordability and these are set out below.

Total borrowing

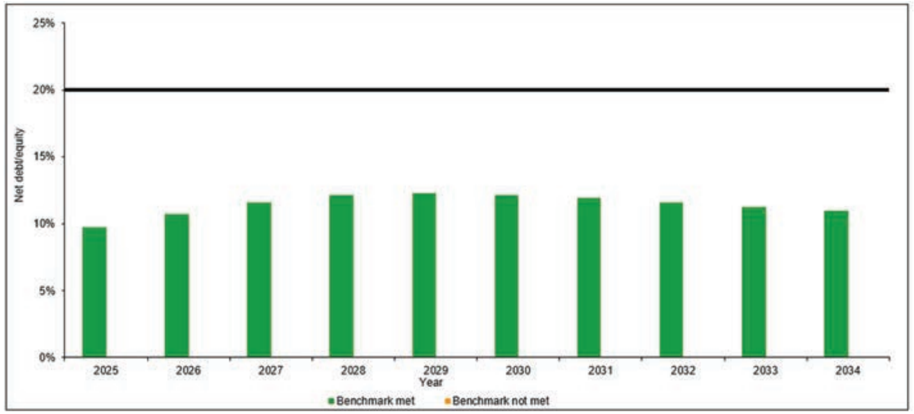
The following graph compares the Council's planned borrowing with a quantified limit on borrowing contained within the financial strategy and included in this long-term plan. The quantified limit on borrowing has been set at 285% of the net debt to revenue ratio for the first year of the long-term plan), then reducing to 280% for the remaining long-term plan years.



Net debt as a percentage of equity

The following graph compares the Council's planned net borrowing with a quantified limit stated in the liability management policy and included in this long-term plan.

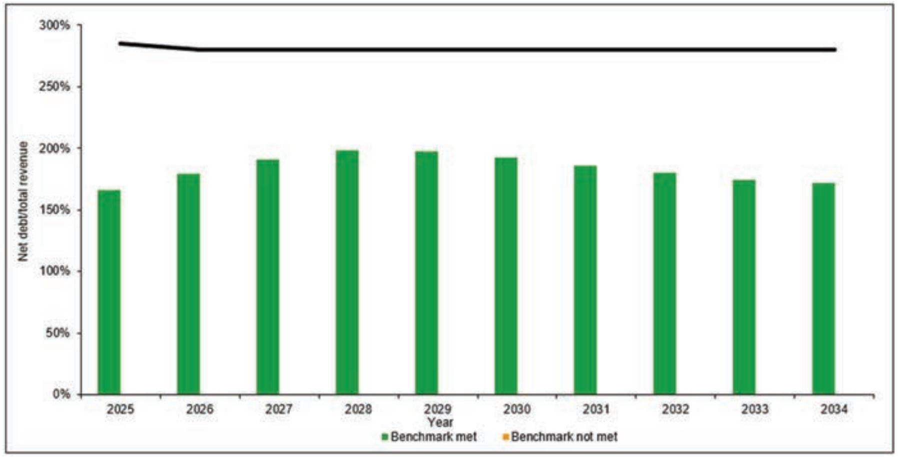
The quantified limit is net debt (comprised of total borrowings less liquid assets and investments) as a percentage of equity being less than or equal to 20%.



Net debt as a percentage of total revenue

The following graph compares the Council's planned net borrowing with a quantified limit on borrowing stated in the financial strategy and included in this long-term plan.

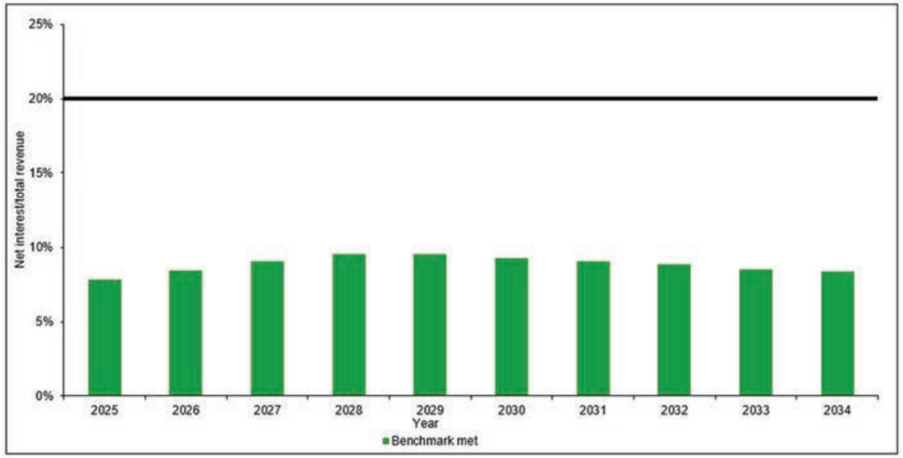
The quantified limit is net debt as a percentage of total revenue being less than or equal to 285% for the first year of the long-term plan, then reducing to 280% for the remaining long-term plan years.



Net interest as a percentage of total revenue

The following graph compares the Council's planned net interest with a quantified limit stated in the liability management policy included in this long-term plan.

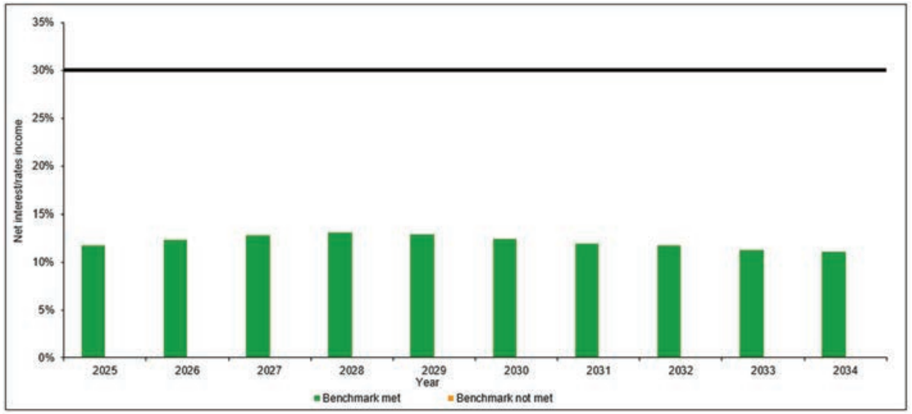
The quantified limit is net interest as a percentage of total operating revenue being less than or equal to 20%.



Net interest as a percentage of annual rates income

The following graph compares the Council's planned net interest with a quantified limit stated in the liability management policy included in this long-term plan.

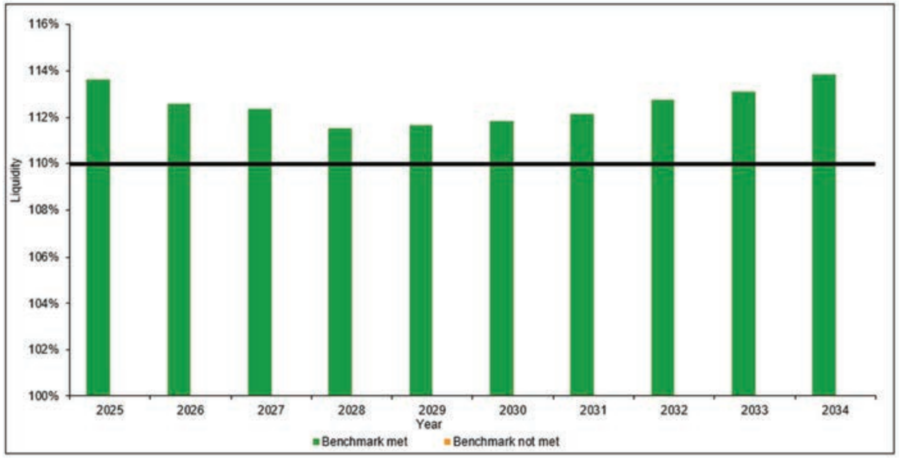
The quantified limit is net interest as a percentage of annual rates income being less than or equal to 30%.



Liquidity

The following graph compares the Council's planned net borrowing with a quantified limit stated in the liability management policy included in this long-term plan.

The quantified limit is liquidity being equal to or greater than 110%. For debt affordability, liquidity is calculated as total borrowings including committed but undrawn facilities plus liquid assets and investments compared to total term borrowings.

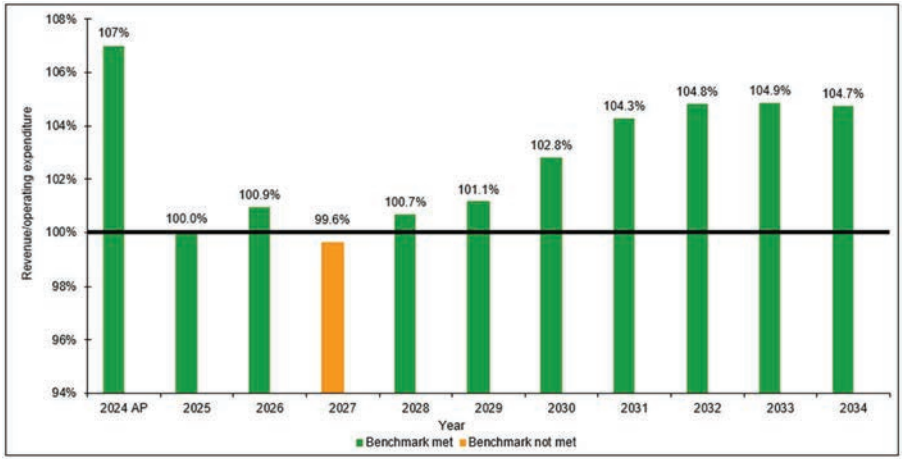


Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment).

The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses, including depreciation.

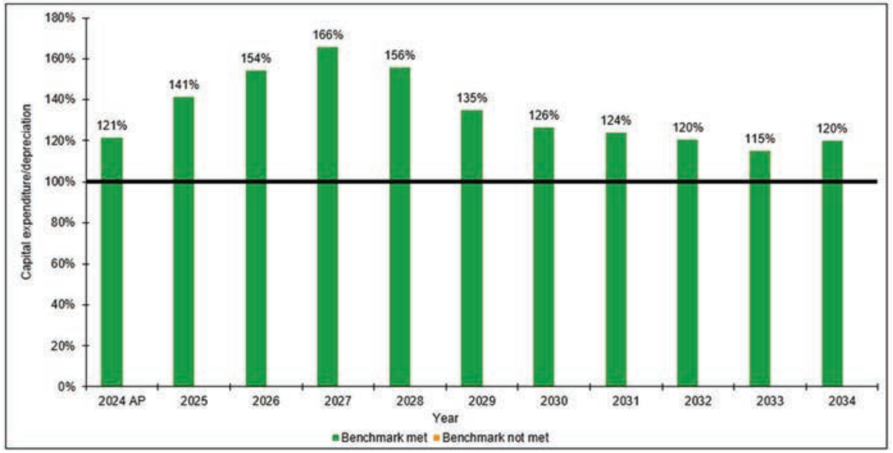
Council's policy is to rate for renewals rather than depreciation. Council is increasing its rating for renewals over the period of the long-term plan to better match long run renewal projections.



Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

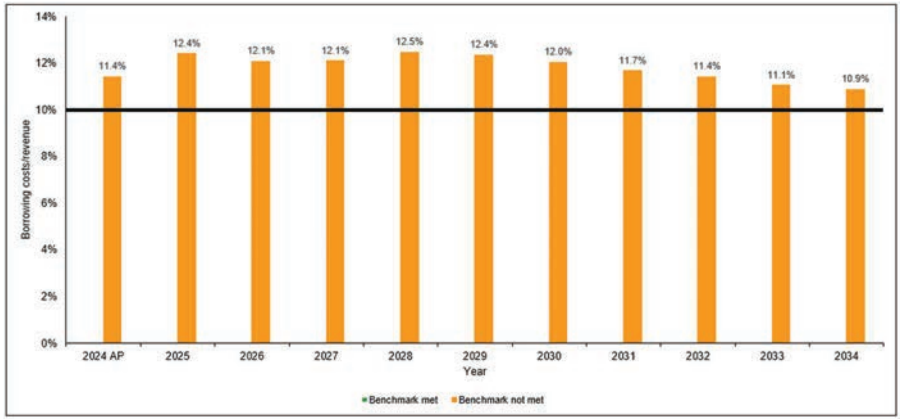


Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

Higher interest rates following the COVID-19 pandemic have resulted in the Council exceeding the benchmark through the entire LTP period.

While Council has significant debt, there is no concern around Council's ability to service the debt.



Significance and Engagement Policy

Significance and Engagement Policy

November 2019

Policy Statement

The Council seeks meaningful exchange with the community throughengagement on local decision- making. Genuine engagement will be encouraged in a manner that is consistent with the significance of the issue, proposal or decision, is transparent and clearly communicated.

Under the Local Government Act 2002 Amendment Act 2014 (LGA), Councils are required to develop a policy on significance and engagement. The intent of this is to give greater clarity and certainty to the community about how and when it can expect to be engaged. Refer to Appendix 1 for definitions.

Principles

This policy is guided by the following principles:

- Decision-makers are well informed, aware of and take into account the community's views.
- The Council will use a consistent approach to establishing the significance of a matter requiring a decision.
- The level of engagement will be tailored to the level of significance for each issue, proposal or decision.
- Decision-making and engagement processes are transparent and clearly expressed.
- The community will have clarity on the range of engagement methods the Council may use relative to the significance of a matter.
- Engagement is proactive, inclusive, accessible, a two-way dialogue, and people are aware of and understand the final decisions taken.

General Approach to Determining Significance and Level of Engagement

The Council will follow a three-step process to inform decision-making:

1. Determine significance – the Council will use agreed criteria to decide if a matter is of higher or lower significance.
2. Link level of significance to level of engagement – the level of significance will link to a corresponding level of engagement to be undertaken.
3. Consider methods of engagement – each level of engagement will have a range of methods that the Council is able to choose from to undertake the engagement required.

As well as the views of communities and affected and interested parties, there is a wide range of information sources, considerations and perspectives that informs the Council's decisions, including the requirements of Government policy, technical matters and the financial implications. Refer to Appendix 1 for legislative requirements and commitment to engaging with Maori.

The three steps

1. Determine Significance

The Council is responsible for judging for itself how it achieves compliance with the decision making requirements of the LGA. This must be largely in proportion to the significance of the matters affected by decisions to be made. The Council will assess the importance of an issue, proposal or decision on the basis of its likely impact on the people expected to be most affected by or to have an interest in the matter, as well as the Council's capacity to perform its role, and the financial and other costs of doing so.

All of the following criteria will be considered when determining the level (low to high) of significance of an issue, proposal or decision. The greater the cumulative impact of the decision as assessed by these criteria, the more significant the issue, proposal or decision will be:

- Number of people affected and/or with an interest;
- Level of impact on those people affected;
- Level of community interest already apparent for the issue, proposal or decision; or the potential to generate community interest;
- Level of impact on Māori, Māori culture and traditions;
- Likely impact and consequences on the current and future social, economic, environmental, or cultural well-being of the district or region;
- Possible costs/risks to the Council, ratepayers and wider community of carrying out the decision;
- Possible benefits/opportunities to the Council, ratepayers and wider community of carrying out the decision;
- Level of impact on the capacity of the Council to carry out its role and functions;
- Whether the impact of a decision can be easily reversed;
- Whether the ownership or function of a strategic asset(s) is affected.

Examples of decisions of low significance are:

- Plans for a new or renewed playground in a suburban area (e.g. Seager Park - new, Richmond Village Green - renewal);
- Upgrade of a reserve area (eg. Chester St East Reserve);
- Finalising Lyttelton's civic square design - a decision delegated to the Community Board.

Examples of decisions of high significance are:

- Decision to introduce the three bin system for kerbside waste collection;
- Plan to construct the ocean outfall waste water pipeline;
- Decision to create a social housing entity as a means to benefit from the Government's income related rents scheme.

Urgency and Confidentiality

Sometimes the nature and circumstances of a decision to be made may not allow the Council the opportunity to engage or consult with the community. This could be where urgency is required or the matter is commercially sensitive. The health and safety of people or the immediate need to protect property are reasons for making urgent decisions, as well as to avoid the loss of opportunities that may contribute to achieving the Council's strategic objectives. Confidential decision-making may be required when engagement is likely to considerably increase the cost of a commercial transaction to the Council.

In these situations, the Council will either not engage at all, or tailor its engagement to suit the circumstances in which the decision is to be made.

In the period covered by the Canterbury Earthquake Recovery Act a number of decisions are being made by Central Government. For many of these decisions the Central Government processes do not allow time for the Council to engage with the community, when in other circumstances it would choose to do so.

2. Link level of significance to level of engagement

The significance of the issue, proposal or decision will influence how much time, money and effort the Council will invest in exploring and evaluating options and obtaining the views of affected and interested parties. In linking the level of significance to the level of engagement it is important to find the right balance between the costs of engagement and the value it can add to decision-making.

The Council will consider the extent of community engagement that is necessary to understand the community's view before a particular decision is made and the formof engagement that might be required. This also includes the degree to which engagement is able to influence the decision and therefore the value of investing in engagement (e.g. if there is only one or very limited viable options such as a specific change required by new legislation).

Using the International Association of Public Participation engagement spectrum (Appendix 2, Figure 1) as a basis, the method(s) of engagement adopted by the Council before it makes a decision may depend on whether or not:

- The matter is of low or no significance (e.g. technical and/or minor amendments to a bylaw or Council policy) and there may be a very small group of people affected by or with an interest in the decision;
- The matter is significant only to a relatively small group of people or is of low impact to many. They should be informed about the problem, alternatives, opportunities and/or solutions and/or consulted so that any concerns, alternatives and aspirations they have are understood and considered;
- The matter is significant not only to a small group of people particularly affected but also to a wider community that may have an interest in the decision to be made. They may be informed, consulted and/or involved to seek public input and feedback on analysis, alternatives and/or decisions.

For more significant matters, the Council may elect to collaborate, or partner, with a community in any aspect of a decision including the development of alternatives and the identification of preferred solutions. This is more likely to occur where there is a distinct group of affected or particularly interested people.

Depending on the level of significance and the nature of the issue, proposal or decision being made, by using a range of engagement methods communities may be empowered to participate in the decision- making process.

3. Consider Methods of Engagement

There is a variety of ways in which the Council engages with the community. In this policy, the types of engagement described relate specifically to Council, Community Board and delegated decision-making. Once the level of significance of an issue, proposal or decision has been determined, the Council will consider the level and form of community engagement. Depending on the matter being considered and the stakeholders involved, the preferred method(s) or combination of engagement tools will be identified and applied to meet the goals of the specific engagement.

The Council will build on existing relationships and networks with individuals and communities, and look to extend the range of parties involved in the community engagement as appropriate.

The Council will consider engagement methods and tools relative to the level of significance. These will support communities' participation throughan engagement spectrum approach, as set out in the table in Appendix 3, Table 1.

Differing levels and forms of engagement may be required during the varying phases of consideration and decision-making on an issue or proposal, and for different community groups or stakeholders. The Council will review the appropriateness and effectiveness of the engagement strategy and methods as the process proceeds.

There may be occasions in which the Council chooses to carry out engagement at a level higher than that indicated by the significance of the decision as part of its commitment to promote participatory democracy.

The Council will work to ensure the community is sufficiently informed to understand the issue(s) or proposal, options and impacts and has time to respond, so they are able to participate in engagement processes with confidence.

Strategic Assets

An important objective of the Council is to achieve or promote outcomes that it believes are important to the current or future well-being of the community. Achieving these outcomes may require the provision of roads, water, wastewater and stormwater collection as well as libraries, museums, reserves and other recreational facilities and community amenities.

Council-owned assets that provide these services are considered to be of strategic value and the Council has determined they need to be retained if its objective is to be met. These assets must be listed in the Council's Significance and Engagement policy. A decision to transfer the ownership or control of a strategic asset cannot be made unless it is explicitly provided for in the Council's Long Term Plan(LTP) and the public is consulted through the Special Consultative Procedure (SCP).

Other assets considered by the Council to be strategic or deemed to be so by the LGA include its shareholding in Christchurch City Holdings Ltd(CCHL) and, through CCHL, Lyttelton Port Company, Christchurch International Airport Ltd and Orion NZ Ltd. Although the Council's statutory responsibility is to exercise its powers wholly or principally for the benefit of its district, it nevertheless recognises that decisions on respect of these assets in particular might have a strategic value to the Canterbury region as well.

The Council's strategic assets are set out in Schedule 1 to this policy.

The list of strategic assetsin this policy will be updated as required following any changes to the Annual Plan or LTP.

Approval Date: 23 July 2015

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Appendix 1: Supporting and contextual information Definitions

Community: A community, for the purposes of this policy, is a group of people with shared or common interest, identity, experience or values. For example, cultural, social, environmental, business, financial, neighbourhood, political or spatial groups. The community refers to the people that make up the diverse communities that live in Christchurch.

Consultation: A subset of engagement; a formal process where people can present their views to the Council on a specific decision or matter that is proposed and made public. (The Council must consult in ways that meet the consultation principles in the Local Government Act 2002 LGA, section 82 (1) and any other legislation relevant to the decision or matter proposed.)

Decisions: Refers to all the decisions made by or on behalf of the Council including those made by officers under delegation.

Engagement: Is a term used to describe the process of establishing relationships, and seeking information from the community to informand assist decision making. Engagement is an important part of participatory democracy within which there is a continuum of community involvement.

Significance: The degree of importance of the issue, proposal, decision, or matter, as assessed by the Council, in terms of its likely impact on, and likely consequences for; the current and future social, economic, environmental, or cultural well-being of the district or region; any persons who are likely to be particularly affected by, or interested in thematter; the capacity of the local authority to performits role, and the financial and other costs of doing so (as described by the LGA).

Significant: Any issue, proposal, decision, or other matter is 'significant' if it has a high degree of significance (as described by the LGA)

Special Consultative Procedure (SCP): A formal consultationprocess prescribed in section 83 of the LGA that must be used to consult on certain matters and can be chosen by the Council to consult on other matters as considered appropriate

Strategic Asset: An asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community (as described by the LGA).

Legislative considerations

Many of the decisions made by the Council will be made under legislation that prescribes the consultation and decision-making procedures required. This includes the procedures to be used for public notification, considering submissions and making decisions. Examples of such legislation are the Resource Management Act 1991, the Biosecurity Act 1993, the Civil Defence Emergency Management Act 2002, or the Land Transport Act 1998.

Even if a decision is clearly a significant one, this policy does not apply to the requirements for decision- making prescribed in any other enactments, such as the Resource Management Act 1991 and the Biosecurity Act 1993 on the following matters:

- resource consents or other permissions
- submissions on plans
- decisions required when following the procedures set out in Schedule 1 of the RMA
- references to the Environment Court
- decisions about enforcement under various legislation including bylaws (unless these are specifically included in this policy).

There is a number of decisions that can only be made if they are explicitly provided for in the Council's LTP as set out by the LGA 2002 Amendment Act 2014. These are:

- to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, including a decision to commence or cease any such activity;
- to transfer the ownership or control of a strategic asset to or from the Council.

In addition, the Council is required to use the SCP set out in section 83 of the LGA in order to adopt or amend a LTP. If the Council is carrying out consultation in relation to an amendment to its LTP at the same time as, or combined with, consultation on an Annual Plan, the SCP must be used for both matters.

There may be other situations where the Council deems it appropriate to use a SCP.

Engaging with Māori

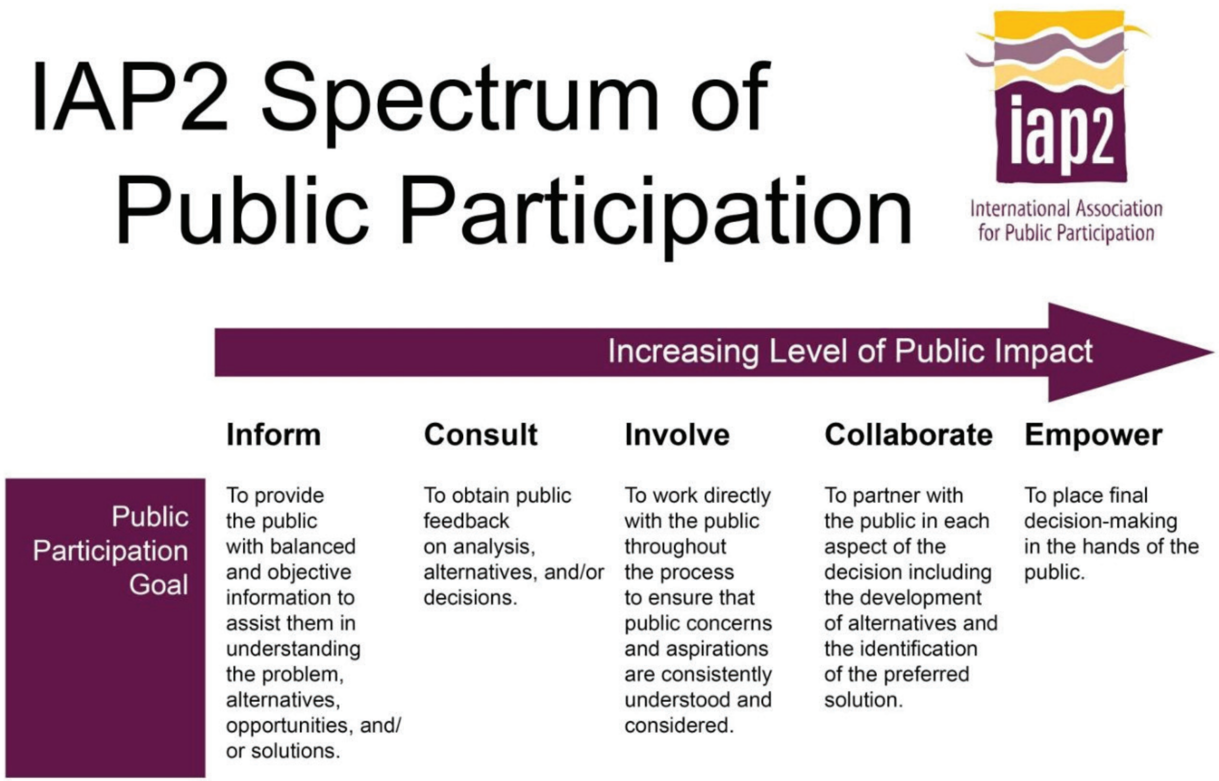
The LGA provides principles and requirements that are intended to facilitate participation by Māori in local authority decision-making processes. The Council must act in accordance with the principle that it should provide opportunities for Māori to contribute to its decision-making processes.

If the Council is proposing to make a significant decision in relation to land or a body of water, it will takeinto account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, andother taonga.

The Council's goal for engagement with Māori is for strengthened and ongoing partnerships. This aims to ensure the Council receives appropriate information, advice and understanding about the potential implications and/or effects of proposals on tangata whenua values.

Appendix 2:

Figure 1: IAP2 spectrum of engagement



Appendix 3:

Table 1: Examples of Engagement Activities (Adapted from IAP2 spectrum of engagement)

Engagement Level	Inform	Consult	Involve	Collaborate	Empower
What does it involve?	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making is in the hands of the public.
Examples of the tools Council might use (Note: These tools may be applicable across many levels of engagement)	Email newsletter to local communities and networks Information flyers to neighbourhoods Public notices/info in Community newspapers, website	Formal submissions and hearings or the Special Consultative Procedure Focus groups Community meetings Online opportunities to submit ideas/ feedback	Workshops Focus/stakeholder groups' meetings Public meetings, drop-in sessions Online surveys/ forums	External working groups (involving community experts) Community Advisory Groups (involving community representatives) Forums	Binding referendum Local body elections Delegation of some decision-making to a community
When the community is likely to be involved	Once a decision is made and is being implemented.	Once the Council has determined an initial preferred position it would endeavor to provide the community with sufficient time to participate and respond.	The community or specific communities could be engaged throughout the process, or at specific stages of the process as appropriate.	The community or specific communities will be engaged from the outset, including the development of alternatives to the identification of the preferred solution.	The community or communities will be engaged throughout the process to ensure ownership of the development of alternatives, identification of the preferred solution(s) and delegated decision-making on the preferred solution.

Revenue, Financing and Rating Policies

Revenue and Financing Policy

Introduction

Council adopts a Revenue & Financing Policy under section 102 of the Local Government Act 2002.

The **purpose** of this policy is to set out how each of our activities is to be funded – that is, who pays for what, and why. The policy outlines:

- Available funding sources (e.g. rates, fees, borrowing, etc.),
- Our funding considerations (i.e. the decision about how each of our activities is to be funded and the process followed to reach that decision), including:
  - funding of operating costs (i.e. the funding mix we have chosen for each activity's operating costs), and
  - funding of capital costs (i.e. the funding mix we have chosen for each type of capital investment).

The application of this policy is supported by other policies as follows:

- Rates charges and definitions are set out in the Funding Impact Statement,
- Fees and charges for all activities are set out in the Fees & Charges Schedule,
- Development Contributions are set out in the Development Contributions Policy,
- Projected dollar revenues and costs for each activity are set out in the Activities and Services section, and for the council as a whole in the Funding Impact Statement.

Support for principles relating to Māori

Section 102(3A) of the Local Government Act 2002 provides that this policy must support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993. These principles include recognition that land is a taonga tuku iho of special significance to Māori people, and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapū.

Council considers that this policy supports those principles, particularly when viewed in conjunction with Council's *Policy on Remission and Postponement of Rates for Māori Freehold Land* and Council's *Papakāinga / Kāinga Nohoanga Development Contributions Rebate Scheme*.

Available Funding Sources

General Rates

We set a general rate for all rateable land within the district. The general rate can be based on capital value, land value or annualised value. In addition, we set a uniform annual general charge (UAGC) as a fixed amount per rating unit, or a fixed amount per separately used or inhabited part (SUIP) of a rating unit.

General rates are used to fund those services where we believe there is a public benefit even though it may not be to the whole community. They typically fund those activities where there is no practical method for charging individual users and the benefit is wider than just the specific user.

We acknowledge that a UAGC is regressive, in that it represents a higher percentage tax on lower-value properties than on higher-value properties. However, this is considered appropriate because owners' ability to pay is not considered likely to have a strictly linear relationship with property values, in addition to which it is considered appropriate for all property-owners to contribute at least a minimum amount towards the funding of Council Activities. We have therefore determined to apply a relatively low-level UAGC to each SUIP.

We collect the bulk of our general rates in proportion to each rating unit's capital value. Capital value represents the owner's full investment in the property, and is therefore considered to provide a more equitable basis for the general rate than the land value or annual value alternatives.

We consider that the benefits of our activities are distributed unevenly between different sectors of the community – in particular, that business properties tend to benefit relatively more and remote rural properties relatively less than other (standard) properties (including residential properties). Vacant land properties in the central city and some suburban commercial centres also benefit relatively more than standard and business properties that have corresponding capital values. We have therefore determined to apply differentials to the value-based general rate, based on the use to which the land is put and where the land is situated:

- All properties are charged at a standard rate, except those that meet the criteria for business, city vacant or remote rural set out in the Funding Impact Statement,
- Business properties are charged at a differential rate which is higher than the standard rate,
- "City vacant" properties (vacant land properties in the central city and some suburban commercial centres) are charged at a differential rate which is higher than the standard and business rates, and
- Remote rural properties are charged at a differential rate which is lower than the standard rate.

Targeted Rates

We use targeted rates where it is considered desirable and practicable ***either*** to enhance the transparency of our spending (i.e. so that ratepayers can see how much they pay for a particular activity) ***or*** to ensure that the cost of a particular item is borne by the group(s) deemed to derive most benefit from it.

We have determined that targeted rates shall be used for the following:

(a) *Water Supply*

Our water supply activity is considered to primarily benefit those properties which connect, or are able to connect, to the water supply network. Targeted rates will therefore be used to fund the activity from just those properties receiving or able to receive this benefit.

These targeted rates will collect the cash operating cost of the water supply activity plus a significant contribution towards the expected long term average cost of related asset renewal and replacement (charged in lieu of depreciation). The proportion of asset renewal and replacement costs covered by these targeted rates may be adjusted where this is considered desirable to help deliver predictable and less volatile rates increases from year to year.

We have identified three types of non-standard service for which it is considered appropriate to recover costs through separate, user-pays based targeted rates:

- Properties with a fire connection will be charged a fixed dollar Water Supply Fire Connection Targeted Rate per connection.
- Properties located outside the standard serviced area but receiving a restricted rural water supply will be charged a fixed dollar Restricted Water Supply Targeted Rate per unit of supply being provided.
- Properties located within the standard serviced area that have a high water use will be charged a volumetric excess water targeted rate per cubic metre of actual water consumption in excess of that property's daily allowance.

Aside from these targeted rates, capital value is considered to be the most equitable basis for targeted water rates (consistent with the approach taken for General Rates). All activity costs not collected through the above targeted rates for non-standard services will therefore be collected using a capital value-based Water Supply Targeted Rate, applied to those properties located within the standard serviced area.

Some properties located within the standard serviced area may not be actually connected (most commonly vacant sections). We consider that the level of benefit received by these un-connected properties is lower than that received by connected properties. The Water Supply Targeted Rate will therefore be set differentially, with connected properties being charged at a higher differential rate than un-connected properties.

(b) <u>Wastewater</u>

Our wastewater (sewer) activity is considered to primarily benefit those properties which connect (or are able to connect) to the wastewater network. A targeted rate will therefore be used to fund the activity from just those properties receiving or able to receive this benefit.

This targeted rate will collect the cash operating cost of the activity plus a significant contribution towards the expected long term average cost of related asset renewal and replacement (charged in lieu of depreciation). The proportion of asset renewal and replacement costs covered by this targeted rate may be adjusted where this is considered desirable to help deliver predictable and less volatile rates increases from year to year.

Capital value is considered to be the most equitable basis for the Sewerage Targeted Rate (consistent with the approach taken for General Rates). The rate will be applied to those properties located within the sewer serviced area.

(c) <u>Stormwater Drainage and Flood Protection & Control Works</u>

We consider stormwater drainage and flood protection and control works primarily benefit properties within the serviced area. We consider it desirable and practical to enhance the transparency of our spending by using a targeted rate so ratepayers can see how much they pay for these activities.

This targeted rate will collect the cash operating cost of these activities plus a significant contribution towards the expected long term average cost of related asset renewal and replacement (charged in lieu of depreciation). The proportion of asset renewal and replacement costs covered by this targeted rate may be adjusted where this is considered desirable to help deliver predictable and less volatile rates increases from year to year.

Capital value is considered to be the most equitable basis for the Land Drainage Targeted Rate (consistent with the approach taken for general rates).

(d) <u>Active Travel</u>

We consider it desirable to separately fund a portion of our spending on active travel activities (including cycleways and pedestrian networks), so that our commitment to spend a minimum amount on this activity is transparent to ratepayers.

Active travel sits within the Transport activity. Revenue from this targeted rate will contribute to funding costs within that activity.

The benefit of this activity is considered to be distributed relatively evenly across all ratepayers. The Active Travel Targeted Rate will therefore be set as a fixed dollar amount and applied to all SUIPs (consistent with the UAGC).

(e) <u>Recycling and Composting</u>

Recycling and composting activities lie within the Solid Waste and Resource Recovery Group of Activities. We consider it desirable to use a Waste Minimisation Targeted Rate to fund recycling and composting costs so that ratepayers can see how much they pay for yellow and green bin services.

This targeted rate funds the cash operating cost of recycling and composting activities plus a significant contribution towards the expected long term average cost of related asset renewal and replacement (charged in lieu of depreciation).

The benefit of this activity is considered to be distributed evenly across all ratepayers to whom the yellow and green bin services are made available, except to the extent that more remote ratepayers do not receive a kerbside collection service. The Waste Minimisation Targeted Rate will therefore be set as a fixed dollar charge per SUIP (consistent with the UAGC), but set differentially – a higher fixed dollar charge will be applied where the property is located within the kerbside collection area.

(f) *<u>Council Grants</u>*

We provide several grants schemes (usually within the Communities & Citizens or Strategic Planning activities), for the benefit of the community and funded by general rates.

From time to time Council determines that it is desirable to make a grant for a specific purpose. In such circumstances, and subject to public consultation, such grant may be funded by a Grants Targeted Rate.

A Grants Targeted Rate:

- May be either a specific grant rated over a fixed period, or an annual grant rated on an ongoing basis.
- May be applied either universally or to a specifically identified group of ratepayers, usually as a fixed dollar charge per rating unit or per SUIP, depending on our assessment of how the benefits of the grant are distributed.

For any Grants Targeted Rate, the level of rate will be set in each Annual Plan based on the annual revenue required to fund the grant. However, the basis of the rate (for example, fixed dollar amount or value-based, universal or an identified group of ratepayers) will not be changed.

We currently set or propose the following Grants Targeted Rates under this Policy:

- Special Heritage (Cathedral) Targeted Rate:

  This rate relates to a $10 million Council grant (plus GST if any) supporting the restoration of the Anglican Cathedral, the benefit of which is considered to be distributed evenly to all ratepayers. The rate will be set as a fixed dollar charge per SUIP, applied to all properties across the District until 30 June 2028.

- Special Heritage (Arts Centre) Targeted Rate:

  This rate relates to a $5.5 million Council grant (plus GST if any) supporting the restoration of the Arts Centre, the benefit of which is considered to be distributed evenly to all ratepayers. The rate will be set based on capital value, applied to all properties across the District until 30 June 2031.

- Central City Business Association Targeted Rate:

  This rate relates to an annual grant provided to the Central City Business Association. The rate will be set as a fixed dollar charge per rating unit, applied to all business rating units with a land value greater than or equal to a minimum value, within the area covered by the Central City Business Association.

Development Contributions

We make significant capital investment in infrastructure specifically to service growth development in the District (i.e. new subdivision and/or more intensive development of existing developed land). We use development contributions to recover a fair and equitable portion of the cost of this investment from persons undertaking development.

Development contributions requirements are in accordance with the Local Government Act 2002 and our Development Contributions Policy.

Financial Contributions

The Council is able to require new developments to pay financial contributions which are used by the Council to fund works to mitigate or offset specified negative impacts of development.

Financial contributions requirements are in accordance with the Resource Management Act 1991, the Local Government Act 2002, the Christchurch District Plan and our Development Contributions Policy.

The details of any requirement would be included in the District Plan and Development Contributions Policy and any new or altered requirements would be consulted on through changes to those documents.

Grants & Subsidies

Some of our activities qualify for a grant or subsidy from the Crown (e.g. New Zealand Transport Agency (NZTA) for qualifying roading expenditure), or other entities. These are used as the initial source of funding where they are available.

Fees & Charges

We typically collect fees and charges where an Activity is perceived to provide benefit primarily to identifiable individuals or groups (i.e. user-pays), or where the need for the activity is driven by the actions or inactions of identifiable individuals or groups (i.e. exacerbator-pays).

However, consideration is also given to whether each fee or charge is practical and economically viable (including the extent to which fees may result in an unacceptable decrease in the use of council services), and whether such charging may undermine one of our identified core community outcomes (see "Council's Funding Considerations" below).

Borrowing

We borrow to fund spending where the benefit is perceived to endure for multiple years – for example, capital expenditure on improving assets, or growth prior to the collection of development contributions. Sometimes this may be in the form of equity in CCOs or advances to third parties. Some operational expenditure also meets this criteria – e.g. grant to Canterbury Museum for redevelopment.

Borrowing is undertaken corporately (i.e. as a single debt portfolio) for efficient debt management.

The funding of costs associated with borrowing

Repayment of rate-funded debt is via the general rate over a period of thirty years, except for borrowing in relation to CCO equity.

Interest costs on debt relating to the capital works programme (excluding the earthquake rebuild or equity investments) are allocated to council activities for budgeting and funding purposes, in proportion to the amount of depreciation generated by that activity. The balance of interest costs are funded by general rates.

Proceeds from asset sales

Proceeds from asset sales will be used to reduce debt or any current borrowing requirement.

Interest, Dividends, & Other Revenues

Our principal investment revenues are the dividends received from our commercial subsidiaries (most importantly Christchurch City Holdings Ltd). Cash investments (e.g. term deposits with banks) are generally held only for liquidity purposes, as we are a net borrower.

Income from dividends, interest, and other sources not described above (e.g. petrol taxes) are treated as corporate revenues and are assumed to accrue to general ratepayers – i.e. they are not allocated against specific activities, but reduce the amount of general rates that we need to collect to fund those activities.

Council's Funding Considerations

Our decision about which funding sources to use to fund each activity is guided by the following considerations:

- **Community Outcomes** (i.e. what the activity is trying to achieve) – the source of funding for each activity is decided after considering the community outcome(s) to which it contributes.
- **User-pays** (i.e. how the benefits of an activity are distributed) – where the primary benefit from a council activity is provided to an identifiable group, it is preferable for that group to bear the principal cost of the activity.
- **Exacerbator-pays** (i.e. where the activity is required due to the activities or inactions of identifiable groups) – it is preferable for such costs to be paid for by those groups contributing to the need for the activity.
- **Inter-generational equity** (i.e. the period over which the benefits of an activity

occur) – most operational expenditure provides a benefit only during the year that it is spent, so is best funded from current revenues; however, expenditure providing benefits over many years is more appropriately funded through borrowing (which is repaid over multiple years).

- **Potential for distinct funding sources** – it may improve the transparency and accountability of our spending on any particular activity if its funding is specifically identified (e.g. through a targeted rate), particularly where the cost is significant or where it is considered desirable to demonstrate that funding is being spent on a specific project. The potential benefit of such improved transparency and accountability are weighed against the cost of having to administer the specifically identified funding.

Our choice of funding for each activity is also guided by the overall impact that any allocation of charges and costs may have on the community. In particular, although some Activities should arguably be funded by user fees and charges due to the level of private benefit they provide, we may consider such user-charging inappropriate – for example, full user-funding of libraries and swimming pools may result in these services no longer being provided.

We have therefore determined that the following Activities will receive a material amount of funding from general rates:

- Transport
- Parks, Heritage & Coastal Environment
- Communities & Citizens
- Solid Waste and Resource Recovery
- Governance
- Economic Development
- Strategic Planning & Policy
- Regulatory Compliance & Licencing

Funding of Operating Costs

Where an activity is funded using a number of funding sources, our practice is to meet our operating costs in the first instance from fees & charges and grants & subsidies (subject to the considerations outlined above). If the activity requires further operational funding, this remainder is funded through rates.

The following pages set out our operational funding decision for each activity.

The analysis of each Activity is supported by three tables:

- *Table 1: Community Outcome* – this table identifies the community outcomes to which the activity **primarily** contributes.
- *Table 2: Funding Principles (operating costs only)* – this table shows how we have considered the other funding considerations set out in section 101(3)(a)(ii) to (v) of the Local Government Act 2002 in relation to funding the operating costs of the activity. This evaluation uses a simple high / medium / low scale for each of the following considerations:
    - User-pays – the degree to which the Activity can be attributed to individuals or identifiable groups rather than the community as a whole – refer to section 101(3)(a)(ii);

- Exacerbator-pays – the degree to which the activity is required as a result of the action (or inaction) of individuals or identifiable groups – refer to section 101(3)(a)(iv);
- Inter-generational equity – the degree to which benefits can be attributed to future periods; – refer to section 101(3)(a)(iii) and
- Separate funding – the degree to which the costs and benefits justify separate funding for the activity – refer to section 101(3)(a)(v).

- *Table 3: Funding Decision* – this table shows our broad funding target for the activity (i.e. how much is paid for by individuals / groups, and how much by the community as a whole), and the associated funding mechanism used (i.e. general rates, targeted rates, user charges, etc.). As the precise balance between individual / group and community funding may vary in practice (particularly for volumetric fees and charges), the funding target is expressed in broad terms rather than specific percentages:
    - Low = this source provides 0%-25% of the funding for this activity;
    - Medium = this source provides 25%-75% of the funding for this activity; and
    - High = this source provides 75%-100% of the funding for this activity.

The specific revenue and cost projections for the LTP planning period are shown in the individual Funding Impact Statements in the Activities and Services section of the LTP.

Water Supply

Local authorities have an obligation under the Water Services Act 2021, and the Local Government Act 2002 to provide a drinking water supply to the urban areas of the District, to maintain its capacity, to protect it from contamination, and to ensure that it complies with the appropriate Drinking Water Standards and is safe.

Local Authorities also ensure an adequate supply of water for commercial use and for fire-fighting and ensure that it is managed in a way that supports the environmental, social and economic wellbeing of current and future generations.

This includes maintaining the network, including wells, pump stations, treatment facilities, reservoirs, and underground reticulation pipes and meters. We supply water through approximately 160,000 residential and business connections, through seven urban water supply schemes and six rural water supply schemes. This equates to 50-55 billion litres of water in a typical year, which is the equivalent of around 22,000 full Olympic size swimming pools.

The benefit of this Activity is considered to accrue primarily to those properties located in our geographic network area – that is all of those properties that can physically connect to the network. It is therefore considered appropriate to fund the bulk of this Activity from the Water Supply Targeted Rate applied to all properties located within this serviced area.

However, as the level of supply provided to some properties may differ from the standard supply provided to most there are also targeted rates for:

- Restricted Rural Supply
- Fire connection
- Excess water consumption

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Water Supply	Safe and healthy communities High quality drinking water

Table 2: Funding Principles (operating costs only)

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
High	Low	Low	High

Table 3: Funding Decision (operating costs only)

Funding Target		**Funding mechanism**	
Individual / Group	Community	Individual / Group	Community
High	Low	• Targeted Rate (High) • Fees & Charges (Low)	• n/a

Wastewater

We build, own, operate and maintain wastewater networks and wastewater treatment plants to protect public health and the environment. The service is focussed on providing a reliable, safe and resilient system for conveying wastewater away from properties, for treatment and disposal.

Wastewater, also known as sewage, refers to the used water collected in internal drains from homes and businesses, and includes trade waste from industrial and commercial operations. Wastewater does not include stormwater drainage, which is collected, treated and re-introduced into the environment via a separate system.

Providing a wastewater collection, treatment and disposal service is core activity for us, required by the Local Government Act 2002 and the Health Act 1956.

We implement these services for the community in a number of ways, this includes planning, day to day operations, planned and reactive maintenance, repair or renewal of damaged infrastructure, building new infrastructure and implementing improvements to the system.

Key deliverables are to:

- Collect, convey and treat wastewater in a safe, efficient and reliable manner;
- Discharge treated wastewater to the environment in compliance with resource consents;
- Reuse and/or dispose of wastewater treatment by-products, including biogas and bio-solids;
- Provide laboratory services to monitor treatment processes and treated wastewater quality; and
- Plan, regulate, build, maintain, manage and renew wastewater systems.

We collect wastewater from approximately 160,000 customers in Christchurch, Lyttelton, Diamond Harbour, Governors Bay, Akaroa, Duvauchelle, Tikao Bay and Wainui. We treat this wastewater at eight treatment plants and dispose the treated wastewater into the sea and to land irrigation schemes.

Although all residents benefit from the presence of a safe and reliable sewer network, the primary benefit accrues to those properties which are located within our geographic network area – that is all those properties that can physically connect to the network.

It is therefore considered appropriate to fund the bulk of this Activity from a Targeted Rate applied to all properties located within this serviced area.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Wastewater	Safe and healthy communities Healthy water bodies

Table 2: Funding Principles (operating costs only)

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
High	Low	Low	High

Table 3: Funding Decision (operating costs only)

Funding Target		**Funding mechanism**	
Individual / Group	Community	Individual / Group	Community
High	Low	• Targeted Rate (High) • Fees & Charges (Low)	• Grants & Other (Low)

Stormwater Drainage

This Activity collects and conveys stormwater during rainfall events, and is intrinsically linked to and interdependent with our Flood Protection & Control Works Activity to protect the community from the harmful effects of flooding.

The key physical assets used to deliver this activity are:

- The underground conveyance networks (including pipes, manholes, sumps, inlets and outlets);
- Open channels and overland flow path (including natural waterways such as rivers, streams and creeks, constructed drainage channels, in-channel structures, lining and retaining walls); and
- Treatment devices that are not within the Flood Protection and Control Works Activity (for example, where there is no flood protection component such as silt traps, gross debris traps or proprietary treatments devices such as cartridge filters) and flow level control devices.

We use a multi-value approach to stormwater, where the drainage value of the network is considered alongside other values such as ecology, culture, recreation, heritage and landscape. Together these are known as the 'six values' that we utilise in stormwater drainage and waterway management.

In delivering this service we provide a balanced mix of maintenance and renewals to preserve the levels of service and improve stormwater discharge quality to mitigate the human effect on water body health.

The benefit of this Activity is considered to accrue mostly to those properties located within the Council's drainage and stormwater infrastructure networks. It is therefore considered appropriate to fund this Activity and the Flood Protections & Control Works Activity together using a targeted rate.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Stormwater Drainage	Healthy water bodies Modern and robust city infrastructure and community facilities Safe and healthy communities

Table 2: Funding Principles (operating costs only)

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
High	Low	Low	High

Table 3: Funding Decision (operating costs only)

Funding Target		**Funding mechanism**	
Individual / Group	Community	Individual / Group	Community
High	Low	• Targeted Rate (High) • Fees & Charges (Low)	• n/a

Flood Protection & Control Works

This Activity delivers floodplain management and stormwater management plan objectives to reduce the harm from flooding to the community and to improve the quality of surface water. It is intrinsically linked to and interdependent with our Stormwater Drainage Activity.

The activity includes construction of new flood protection infrastructure and management of existing infrastructure including:

- pump stations and water flow control devices and structures such as valve stations;
- stop-banks, tide gates and basins;
- water quality treatment devices such as basins, wetlands, tree pits and raingardens; and
- hydrometric monitoring devices, measuring rainfall along with surface water, sea and groundwater levels.

Basins and wetlands serve a dual purpose of providing stormwater detention for reducing flood risk as well as providing water quality treatment.

The benefit of this Activity is considered to accrue to properties located within the Council's drainage and stormwater infrastructure networks. It is therefore considered appropriate to fund this Activity and the Stormwater Drainage Activity together using a targeted rate.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Flood Protection & Control Works	Healthy water bodies Modern and robust city infrastructure and community facilities

Table 2: Funding Principles (operating costs only)

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
High	Low	Low	High

Table 3: Funding Decision (operating costs only)

Funding Target		**Funding mechanism**	
Individual / Group	Community	Individual / Group	Community
High	Low	• Targeted Rate (High) • Fees & Charges (Low)	• n/a

Transport

Local government is responsible for planning for, providing, and maintaining safe road networks, including pedestrian linkages and attractive functional streetscapes. We maintain the assets that provide the District's local roading network, comprising the carriageways, footpaths, bridges, retaining walls, rail crossings, and associated drainage.

National highways linking the Christchurch District with the rest of the country are managed by central government through Waka Kotahi (NZTA) and work between the national and local roading networks is co-ordinated as much as possible.

The streets we manage provide a safe and efficient network that connect communities and facilitate the movement of people and goods around the District and to the adjoining region. Key deliverables include:

- Network planning
- Asset maintenance
- Renewal of life-expired infrastructure
- Improvements to the network

This Activity also relates to how the roading network and associated infrastructure is used and controlled, so that people have safe, easy, and reliable access to homes, shops, businesses, and leisure activities, from a variety of mode choices. This includes:

- Control over how the road corridor can be used by other parties (such as service authorities and developers);
- Planning, building, and maintaining the infrastructure required to support the operation of the bus network;
- Planning, building, operating, and maintaining the major cycleways network;
- Operating and maintaining traffic lights, traffic cameras, and traveller information portals;
- Operating and maintaining Christchurch's public parking facilities; and
- Planning and providing transport education initiatives.

The benefit of this Activity is considered to accrue primarily to road users. However, it is not considered practicable or desirable to fund this Activity separately, because the roading network is considered to be qualitatively different to the water and sewer networks which are funded through targeted rates. In particular:

- The roading network also delivers benefits to non-users, to a far greater extent than water or sewer networks, reducing the desirability of a "user-pays" funding approach.
- The extent of "use" is more difficult to determine than for water and sewer (for which benefit is more clearly binary between those that can connect and those that cannot).

This Activity is therefore primarily funded by the community as a whole, mostly through general rates. Waka Kotahi subsidies are treated as "Community-sourced" in table 3 below, as they are paid by central government rather than individuals or groups within the District.

The Active Travel Targeted Rate contributes to this Activity's spending on cycleways and pedestrian networks. This is classified as "Community funding" in Table 3, as the Active Travel Targeted Rate is applied universally to all rating units in the district. The use of the targeted rate here enhances the transparency of our spending on these activities and is intended to ensure that a certain minimum level of operational spending will be incurred on these activities.

While not specified in Table 3, we consider that greater use of fees & charges is appropriate where our control function provides permission to specific users for certain actions (such as use of the road corridor or marine activities).

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Transport	A well-connected and accessible City promoting active and public transport Modern and robust city infrastructure and facilities network Safe and healthy communities

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Transport Access	Medium	Low	Low	Medium
Transport Environment	Low	Low	Low	Low
Transport Safety	-	Low	Low	Medium

Table 3: Funding Decision (operating costs only)

Activity	**Funding Target**		**Funding mechanism**	
	Individual / Group	Community	Individual / Group	Community
Transport Access	Low	High	• Fees & Charges (Low)	• General Rates (Medium / High) • Grants & Other (Low)
Transport Environment	Low	High	• Fees & Charges (Low)	• General Rates (High) • Targeted Rate on the whole District (Medium) • Grants & Other (Low)
Transport Safety	Low	High	• Fees & Charges (Medium)	• General Rates (Medium)

Parks, Heritage & Coastal Environment

Christchurch residents have a strong affinity with their parks, reserves, and open spaces. We wish to support this affinity, and maintain the notion of Christchurch as the "garden city".

This Activity involves the management of:

- **Parks** – We manage over 1200 parks and reserves, covering more than 9,384 hectares in Christchurch city and Banks Peninsula. Neighbourhood parks provide space and facilities for local communities. Garden & heritage parks provide botanical diversity and contribute to plant conservation and research. Sports parks provide both local spaces for neighbourhood community amenity as well as providing the necessary spaces to support organised and casual sport and recreational pursuits. Large Sports parks like Ngā Puna Wai provide high quality sports facilities to support community, regional and national sporting pursuits. Regional parks protect the region's natural landscape and biodiversity values, while accommodating extensive outdoor recreation. Significant parks such as Hagley Park, the Botanic Gardens, and Mona Vale also contribute to the economic well-being of the district by attracting visitors.
- **Cemeteries** – We administer burials and plot purchases as well as maintaining current and closed cemeteries.
- **Heritage protection** – We aim to preserve the district's built, natural and cultural heritage for the benefit of the current and future communities.
- **Harbours & marine structures** – We provide marine structures (including wharves & jetties, slipways & ramps, seawalls, recreational rafts, boat moorings, and wharf buildings), to facilitate access to the marine environment for residents, visitors and commercial operators for recreation, sport, tourism, commercial activities, and transport.

The benefit of this Activity is considered to accrue to the community as a whole. It is therefore considered appropriate to fund it primarily from general rates.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Heritage Management	Celebration of our identity through arts, culture, heritage and sport 21st century garden city we are proud to live in Vibrant and thriving city centre
Parks and Foreshore	Safe & Healthy Communities Unique landscapes and indigenous biodiversity are valued and stewardship exercised Celebration of our identity through arts, culture, heritage, sport and recreation 21st century garden city we are proud to live in

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Heritage Management	Low	Low	High	Low
Parks and Foreshore	Low	Low	Medium	Low

Table 3: Funding Decision (operating costs only)

Activity	**Funding Target**		**Funding mechanism**	
	Individual / Group	Community	Individual / Group	Community
Heritage Management	Low	High	• Fees & Charges (Low)	• General Rates (High)
Parks and Foreshore	Low	High	• Fees & Charges (Low)	• General Rates (High) • Grants & Other (Low)

Solid Waste and Resource Recovery

We collect and dispose of some of the district's solid waste, and work with the community to minimise waste by encouraging both residents and businesses to recycle their waste thereby reducing the volume of waste sent to the landfill.

This Activity includes:

- **Recycling** – reducing the amount of waste sent to landfill by collecting recyclable material from households and public places, advising the public of recycling options (for example, EcoDrops and register of recyclers), and by sorting and processing recyclable material.
- **Organics / composting** – collection of kitchen and garden waste from households and converting this into compost for resale. We encourage home composting and worm farms.
- **Residual Waste** – not everything can be recycled, the waste remaining is collected and transported to landfill.
- **Closed landfill** – monitoring the closed landfills around the District. This includes the capping and aftercare of the old Burwood landfill, where methane gas is captured, piped underground, and used to power some city buildings and parts of the Christchurch Waste Water Treatment Plant.
- **Education** – educating residents to make informed decisions on the best waste practices, focusing on the best environmental and social outcomes. We work with other councils on the "love food, hate waste" campaign, with regular workshops informing communities how to minimise the food waste generated by households.

Kerbside collection of general and recycling waste is provided to most properties across the district – other properties may deposit their waste at collection points.

The benefit of this Activity is considered to accrue to the community as a whole. It is therefore considered appropriate to fund the bulk of costs from rates, supported by fees and charges for non-household and excess waste.

It is also considered desirable to make the cost of recycling and composting activity more transparent, so that ratepayers can see how much they are paying for these services. The operating cost of yellow and green wheelie bin services is therefore funded from a Targeted Rate.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Solid Waste and Resource Recovery	Sustainable use of resources and minimising waste Safe and healthy communities

Table 2: Funding Principles (operating costs only)

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Low	High	Medium	Medium

Table 3: Funding Decision (operating costs only)

Funding Target		**Funding mechanism**	
Individual / Group	Community	Individual / Group	Community
Medium	Medium	• Targeted Rates (Medium) • Fees & Charges (Low)	• General Rates (Medium) • Grants & Other (Low)

Communities & Citizens

Local Government is responsible for promoting the cultural and social well-being of communities, and for educating the public in regard to civil defence.

This supports strong communities by providing high quality library, sports & recreation, arts & cultural, community development, and emergency management services.

This Activity provides:

- opportunities for people to express themselves and be challenged by art, music, theatre, dance and other media and to understand and celebrate their many identities and heritage;
- libraries which act as a vehicle for access to knowledge, ideas and information and as a service open and available to anyone;
- encouragement to be more active more often through the provision of a range of sport and recreation facilities and programmes;
- community centres, halls and houses to encourage participation in local activities and build a sense of community; and
- information and advice to help citizens and communities, including support to community organisations to help them deliver the valuable services they provide.

The benefit of this Activity is considered to accrue to the community as a whole. It is therefore considered appropriate to fund the bulk of costs from rates, supported by fees and charges especially for Recreation, Sports, Community Arts and Events.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Canterbury & Akaroa Museums	Strong sense of community Celebration of our identity through arts, culture, heritage, sport and recreation
Christchurch Art Gallery	Celebration of our identity through arts, culture, heritage, sport and recreation Strong sense of community
Citizen and Customer Services	Active participation in civic life
Civil Defence Emergency Management	Safe and healthy communities
Community Development and Facilities	Strong Sense of Community Active Participation in Civic Life Safe & Healthy Communities Valuing the voices of all cultures and ages (including children)
Libraries	Strong sense of community Celebration of our identity through arts, culture, heritage and sport An inclusive, equitable economy with broad- based prosperity for all
Recreation, Sports, Community Arts & Events	Strong sense of community Safe and healthy communities Celebration of our identity through arts, culture, heritage, sport and recreation

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Canterbury & Akaroa Museums	Low	Low	Low	Low
Christchurch Art Gallery	Low	Low	Medium	Low
Citizen and Customer Services	Low	Low	Low	Low
Civil Defence Emergency Management	Low	Low	Low	Low
Community Development and Facilities	Low	Low	Low	Low
Libraries	Low	Low	Low	Low
Recreation, Sports, Community Arts & Events	Medium	Low	Medium	Medium

Table 3: Funding Decision (operating costs only)

Activity	**Funding Target**		**Funding mechanism**	
	Individual / Group	Community	Individual / Group	Community
Canterbury & Akaroa Museums	Low	High	• Fees & Charges (Low)	• General Rates (High) • Grants & Other (Low)
Christchurch Art Gallery	Low	High	• Fees & Charges (Low)	• General Rates (High) • Grants & Other (Low)
Citizen and Customer Services	Low	High	• Fees & Charges (Low)	• General Rates (High)
Civil Defence Emergency Management	Low	High	• n/a	• General Rates (High)
Community Development and Facilities	Low	High	• Fees & Charges (Low)	• General Rates (High) • Grants & Other (Low) Targeted Rate on the whole District (Low)*
Libraries	Low	High	• Fees & Charges (Low)	• General Rates (High) • Grants & Other (Low)
Recreation, Sports, Comm Arts & Events	Medium	Medium	• Fees & Charges (Medium)	• General Rates (Medium) • Grants & Other (Low)

** The Special Heritage (Arts Centre) targeted rate is included in this Community Development and Facilities activity*

Housing

We wish to support vulnerable groups in the District's community by providing housing targeted towards the elderly, disabled, and those on low incomes.

This Activity involves asset management, maintenance, replacement, intensification, and a partnership programme that supports the provision of affordable accommodation to people on low incomes. We work collaboratively with central government to address housing supply and affordability issues, through the Christchurch Housing Accord agreement.

Most of the housing units are studio and one-bedroom units, with a small percentage of two, three, and four bedroom units. These Council-owned housing complexes are leased to the Ōtautahi Community Housing Trust, a Community Housing Provider, which then sub-lets these to those in need.

Our involvement in this Activity is intended to contribute to social well-being by ensuring that an adequate supply of safe, accessible, and affordable housing is available to those in need.

The benefit of this Activity is considered to accrue mostly to the housing tenants. It is therefore considered appropriate to fund the Activity mostly from user charges (housing rents) plus Income Related Rent Subsidies (IRRS). These are intended to be sufficient to cover operating costs without subsidy from rates or other sources.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Community Housing	Sufficient supply of, and access to, a range of housing Safe and healthy communities

Table 2: Funding Principles (operating costs only)

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
High	Low	Medium	High

Table 3: Funding Decision (operating costs only)

Funding Target		**Funding mechanism**	
Individual / Group	Community	Individual / Group	Community
High	Low	• Fees & Charges (High)	• n/a

Regulatory & Compliance

Regulation and compliance services are needed to administer the laws that govern building and development work, the health and safety of licensed activities, and the keeping of dogs. We enforce compliance with regulations, monitor individual licences and approvals, investigate complaints and non–compliance, and assess the potential effects of various activities while still enabling builders, developers and property owners to carry on their business.

Key outputs of this Activity are:

- Compliance services relating to Resource Management Act (District Plan), Building Act, Local Government Act, Litter Act, and local Council Bylaws;
- Animal Management;
- Alcohol Licensing;
- Food Safety and Health Licensing; and
- Environmental Health, including noise management, environmental nuisance and environmental health risks e.g. asbestos and land contamination.

The benefit of this Activity is considered to be mixed:

- Building Regulation and Land & Property Information Services activities – costs are mainly caused by applicants, but there is a wider community benefit in having a consented building stock.
- Regulatory Compliance & Licencing and Resource Consenting activities – costs are mainly caused by applicants and holders whose activities, if unregulated, could cause nuisance to the public or pose a threat to the safety or health of the community; however, the community benefits from the control of such potential nuisances and threats.

In addition, for Regulatory Compliance & Licencing activities, it is acknowledged that full cost recovery through user charges would increase those user charges to a point where full compliance may be discouraged. On balance, for that activity, it is considered appropriate to adopt material levels of funding from both fees & charges and general rates.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Building Regulation	Great place for people, business and investment
Land & Property Information Services	Sufficient supply of, and access to, a range of housing
Regulatory Compliance & Licencing	Safe and healthy communities
Resource Consenting	Vibrant and thriving city centre Sufficient supply of, and access to, a range of housing

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Building Regulation	High	High	Medium	Medium
Land & Property Information Services	High	High	Low	Low
Regulatory Compliance & Licencing	Medium	Medium	Low	Medium
Resource Consenting	High	High	Medium	High

Table 3: Funding Decision (operating costs only)

Activity	**Funding Target**		**Funding mechanism**	
	Individual / Group	Community	Individual / Group	Community
Building Regulation	High	Low	• Fees & Charges (High)	• General Rates (Low)
Land & Property Information Services	High	n/a	• Fees & Charges (High)	• n/a
Regulatory Compliance & Licencing	Medium	Medium	• Fees & Charges (Medium)	• General Rates (Medium) • Grants & Other (Low)
Resource Consenting	High	Low	• Fees & Charges (Medium / High)	• General Rates (Low / Medium)

Economic Development

This activity is focused on delivering economic development initiatives to achieve long-term sustainable prosperity improvements for the region by:

- Creating high-value quality jobs and pathways to employment by driving growth of industry clusters, supporting new and existing businesses to be competitive, innovative and sustainable and improving alignment between skills and education and local employment opportunities.
- Attracting residents, talent, business and investors to grow the strength and resilience of the local economy.
- Attracting education, business, conference and leisure visitors to ensure local businesses have the customers they need to thrive, and the city has greater vibrancy for residents.
- Facilitating urban development projects that support local prosperity.

In addition this activity coordinates and leads city-wide international relations activity, in alignment with the 2020 International Relations Policy Framework (IRPF), and delivers scheduled and unscheduled Civic Ceremonies, National Ceremonies and Visits.

The benefit of this Activity is considered to accrue to the whole community. It is therefore considered appropriate to source funding mostly from general rates.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Civic & International Relations	Great place for people, business and investment Active participation in civic life Strong sense of community Vibrant & thriving central city 21st century garden city we are proud to live in
Economic Development	Great place for people, business and investment A productive, adaptive and resilient economic base

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Civic & International Relations	-	-	High	Low
Economic Development	Low	Low	High	Low

Table 3: Funding Decision (operating costs only)

Activity	**Funding Target**		**Funding mechanism**	
	Individual / Group	Community	Individual / Group	Community
Civic & International Relations	n/a	High	• n/a	• General Rates (High) • Grants & Other (Low)
Economic Development	Low	High	• Fees & Charges (Low)	• General Rates (High)

Strategic Planning & Policy

Public Information and Participation

We are committed to being a resident-focused, outward looking organisation. To achieve this we provide our community with information that is timely, relevant and accurate through channels that our residents use.

We are making better use of new media – online, social media and targeted electronic communications to interest groups – to supplement and improve on traditional communications. We also manage media relationships and answer their queries. Our role is to promote the Council's activities including libraries, sports and recreation facilities and parks.

We also engage and consult with the public on Council projects and activities.

Strategic Planning, Future Development and Regeneration

Strategic planning, future development and regeneration work is fundamental to the workings of local government and touches on almost all aspects of Council activities. It helps meet community needs for good quality local infrastructure, local services, and performance of regulatory functions. It also supports the organisation to respond to the significant reforms underway right across our sector, and to prepare for the future.

This Activity provides strategic policy, city planning and urban regeneration services for us and our communities. We support the ongoing evolution of a resilient city that is better able to adapt to future challenges and take advantage of new opportunities. Responding to climate change and building climate resilience will be one of the biggest challenges Christchurch faces and this Activity leads that programme of work.

Key areas include to:

- provide specialised policy and strategy advice, enabling us to plan effectively for the future,
- develop, maintain and monitor the Christchurch District Plan which enables us to manage land use, subdivision and development,
- lead policy and strategy for transport to ensure people and businesses can easily move around the city,
- work with the community to enable their aspirations for quality places and neighbourhoods, including heritage,
- ensure that natural resources are used efficiently and sustainably to meet the needs of today and those of future generations,
- understand natural hazard risks to be better prepared for future challenges, and
- work collaboratively with strategic partners at a Greater Christchurch, regional and national level.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Public Information & Participation	Active participation in civic life Safe and healthy communities Identity through arts, culture, heritage and sport Strong sense of community Great place for people, business and investment
Strategic Planning, Future Development & Regeneration	Great place for people, business and investment Safe and healthy communities Sustainable use of resources and minimising waste

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Public Information & Participation	-	Low	Low	-
Strategic Planning, Future Development & Regen	Low	Low	Medium	Low

Table 3: Funding Decision (operating costs only)

Activity	**Funding Target**		**Funding mechanism**	
	Individual / Group	Community	Individual / Group	Community
Public Information & Participation	n/a	High	• n/a	• General Rates (High)
Strategic Planning, Future Dev & Regen	Low	High	• Fees & Charges (Low)	• General Rates (High) • Targeted Rates (Low)* • Grants & Other (Low)

* The ten-year special heritage (Cathedral) targeted rate is included in this activity.

Governance

Christchurch City Council is the second largest territorial local authority (TLA) in New Zealand. We are committed to participatory democracy for all residents, and actively encourage residents to participate in making deputations to Council and Community Boards, participating in hearings and engaging with Councillors and Community Board members. As a large TLA with a strong commitment to an active local democracy our effectiveness is dependent upon efficient and effective processes to support effective governance and good decision making.

In direct support of governance and decision making, this activity provides the following services:

- Secretariat services, information, support for our decision-making processes at governance-level meetings and hearings and to Elected Members of the Council and Community Boards
- Holding elections of Elected Members to the Council and Community Boards, polls and representation reviews
- Provision of information in accordance with LGOIMA
- Provide information, support and advice to the Mayor, Deputy Mayor and Councillors and Chief Executive
- Manage relationships with Treaty partners and Mana Whenua.

The benefit of this Activity is considered to accrue to the community as a whole. It is therefore considered appropriate for it to be funded primarily from general rates.

Table 1: Community Outcomes

Activity	Primary Outcome(s)
Governance & Decision Making	Active participation in civic life Strong sense of community Valuing the voices of all cultures and ages (including children)
Office of Mayor, Chief Exec, Mana Whenua	All

Table 2: Funding Principles (operating costs only)

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Governance & Decision Making	Low	Low	Low	Low
Office of Mayor, Chief Exec, Mana Whenua	-	-	Medium	-

Table 3: Funding Decision (operating costs only)

Activity	Funding Target		Funding mechanism	
	Individual / Group	Community	Individual / Group	Community
Governance & Decision Making	Low	High	• Fees & Charges (Low)	• General Rates (High)
Office of Mayor, Chief Exec, Mana Whenua	-	High	• -	• General Rates (High)

Funding of Capital Costs

The term "Capital Cost" includes a range of relatively long-term investment spending:

- Equity investment in Council-controlled organisations (most importantly, Christchurch City Holdings Ltd, which owns the city's shares in the airport, port company, electricity lines company, fibre-optic network, and others);
- Network and community assets (the broadest category, including water, wastewater and stormwater networks, libraries, community halls, and community housing, and including strategic assets purchased in advance of need – for example, a drainage basin purchased to support anticipated future development); and
- Other assets (such as general plant and equipment).

Having considered the factors in section 101(3) of the Local Government Act 2002, we consider that capital investment in any particular Council Activity contributes to the same community outcomes as the operating costs of that activity (per tables above), and will tend to have the same distribution of benefits across the community. However, most capital investments are long-term in nature, so inter-generational equity is a far more important driver of our capital funding decision than it is for operational funding.

We have therefore determined that capital costs will be funded in accordance with the following principles:

- Investment in assets of a commercial or revenue-generating nature should be funded by borrowing, and be either self-funding or expected to deliver a net benefit to ratepayers in the long-term – any difference between investment income and funding costs in individual years will be allocated to or supported by general rates.
- Non-commercial capital investments will be funded in the first instance from borrowing, offset where appropriate by Crown grants and asset sales. Where the spending is to provide new assets to service growth (new subdivisions and/or more intensive development of developed land), the growth component is funded from Development Contributions.
- Capital renewals – we are moving towards fully funding the long run average asset renewals programme (net of subsidies) from rates. Any variation between that and the renewals programme in a particular year will be funded/deducted from the overall borrowing requirement.

Table: Council's Capital Funding Policy, by Investment Type

Investment type	Initial funding	Serviced and/or repaid by:
Equity investment in CCOs / CCTOs	• Debt (interest only)	• Dividends and Rates
Network & Community assets:		
• Renewal / replacement	• Rates and debt	• Rates
• Service Improvement	• Debt	• Rates
• Growth	• Debt and Development Contributions	• Future Development Contributions
• Mitigation and/ or offsetting of specific negative impacts of development	• Debt and Financial Contributions	• Future Financial Contributions
• Community Housing	• Debt	• Rent
Other assets	• Debt	• Rates

The application of these principles to individual Activities is tabulated below. The High / Medium / Low scale is the same as applied to the operational tables above. The specific capital spending and funding projections for the current planning period are shown in the individual Funding Impact Statements by group of activity.

Table: Council's Capital Funding Policy, by Activity

Activity	Rates	Borrowing	DCs/ FCs	Grants & Other
Water Supply	High	Low	Low	Low
Wastewater	High	Low	Low	Low
Stormwater Drainage	High	Low	Low	-
Flood Protection & Control Works	Low	High	Low	-
Transport				
Transport Access	Low	Medium	Low	Medium
Transport Environment	Low	Medium	Low	Medium
Transport Safety	Medium	Medium	Low	Medium
Parks, Heritage & Coastal Environment				
Heritage Management	High	Low	-	-
Parks and Foreshore	Medium	Medium	Low	Low
Solid Waste and Resource Recovery	Medium	Medium	-	Low
Communities & Citizens				
Canterbury & Akaroa Museums	High	Low	-	-
Christchurch Art Gallery	Medium	Medium	-	-
Citizen and Customer Services	-	-	-	-
Civil Defence Emergency Management	Medium	Medium	-	-
Community Development and Facilities	High	Low	-	-
Libraries	High	Low	-	-
Recreation, Sports, Comm Arts & Events	Medium	Medium	Low	-
Housing	-		-	High
Regulatory & Compliance				
Building Regulation	-	-	-	-
Land & Property Information Services	-	-	-	-
Regulatory Compliance & Licencing	High	Low	-	-
Resource Consenting				
Economic Development				
Civic & International Relations	-	-	-	-
Economic Development	-	-	-	-
Strategic Planning & Policy				
Public Information & Participation	-	-	-	-
Strategic Planning, Future Dev & Regen	-	High	-	-
Governance				
Governance & Decision Making	-	-	-	-
Office of Mayor, Chief Exec, Mana Whenua	-	-	-	-

Impact on well-being

We consider the use of the funding sources described above to meet our funding needs is appropriate. We expect the use of these funding sources will promote the current and future social, economic, environmental, and cultural well-being of the community by:

- Funding activities in ways that are generally perceived by the community as consistent, fair and reasonable
- Limiting the impact of rates on ratepayers, and especially on the most economically vulnerable ratepayers
- Setting fees and charges in a way that does not unduly limit social and economic participation
- Fairly balancing the impact of rates funding across multiple years
- Using fees and charges to provide an incentive for residents to reduce the need for us to incur additional costs
- Limiting the opportunities for ratepayers to use resources unproductively in order to avoid rates (ensuring rates are reasonably economically efficient)

Rates Remission Policy

Objective of the policy

To provide rates relief in certain situations, to support either the fairness and equity of the rating system or the overall wellbeing of the community.

Remission 1: Not-for-profit community-based organisations

Objective

Certain types of land use are classified as "non-rateable" under Section 8 of the Local Government (Rating) Act 2002, including schools, churches, and land used for some conservation or recreational purposes. Such land may be either fully or 50% "non-rateable", although any rates specifically for the purpose of water supply, sewage and refuse collection must still be charged.

The objective of this remission is to provide rates relief to Christchurch community-based organisations (including some that may classified as non-rateable under section 8), to support the benefit they provide to the wellbeing of the Christchurch district.

Conditions and criteria

Council may remit up to 100% of rates for not-for-profit community-based organisations which the Council considers deliver a predominant community benefit.

Applications for this remission must be in writing. Applicants must provide financial accounts for the latest financial year for which accounts are available (not more than 18 months old). The accounts must be for the reporting entity which is directly responsible for paying the rates. Where there is a legal or reporting obligation on the reporting entity to have the accounts audited or reviewed, the accounts must have been audited or reviewed.

The extent of remission (if any) shall be determined at the absolute discretion of the Council, and may be phased in over several years.

The Council reserves the right to require annual applications to renew the remission, or to require certification from the applicant that the property is still eligible for the remission.

Remission applies to

Any community-based not-for-profit organisation whose activities, in the opinion of the Council, provide significant public good as a result of its occupation of the property.

The remission may (at Council's absolute discretion) include property over which a liquor licence is held, provided this is incidental to the primary purpose of occupancy. This inclusion may also apply to those organisations classified as "non-rateable" under Section 8 of the Local Government (Rating) Act 2002.

The remission is not available to property owned or used by chartered clubs, political parties, trade unions (and associated entities), or dog or horse racing clubs.

Any remission will only apply to the portion of the property used for the purpose for which the remission is granted.

Remission 2: Land owned or used by the Council for community benefit

Objective

To support facilities providing benefit to the community, by remitting rates.

Conditions and criteria

The Council may remit up to 100% of rates on land owned by or used by the Council and which is used for:

- Those activities listed in Schedule 1 Part 1 clause 4 of the Local Government (Rating) Act 2002 (including parks, libraries, halls, and similar),
- Rental housing provided within the Council's Community Housing activity, and
- Any other community benefit use (excluding infrastructural asset rating units).

Remission 3: Rates - Late payment and arrears penalties

Objective

Council charges penalties for late payment of rates and for rates arrears, in accordance with sections 57 & 58 of the Local Government (Rating) Act 2002.

The objective of this remission is to enable such penalties to be waived where it is fair and equitable to do so, and to encourage ratepayers to clear arrears and keep their payments up to date.

Conditions and criteria

Council will consider remitting late payment penalties in the following four circumstances:

- *One-off ratepayer error* (including timing differences arising from payments via regular bank transactions).
  - This may only be applied once in any two-year period.
  - Only penalties applied within the past twelve months may be remitted.
  - Applications must state the reason for late payment, and deliberate non-payment will not qualify for remission.
  - Applications must generally be in writing, although staff may waive this requirement if they are satisfied that the full details of the application are recorded.
  - Payment of all outstanding rates (other than the penalties to be remitted) is required prior to the remission being granted.
- *Inability to pay* (including sickness, death, financial hardship, or other circumstances where it is considered fair and equitable for the remission to be applied):
  - Penalties imposed in the last two-year period may be remitted, where this would facilitate immediate payment of all outstanding rates (remission of penalties over a longer time period may be considered, if the amount of arrears is large).
  - Where an acceptable arrangement to pay arrears and future rates over an agreed time period is to be implemented, then any penalties that would otherwise have been imposed over this time period may be remitted.
  - Applications must generally be in writing, although staff may waive this requirement if they are satisfied that the full details of the application are recorded.

- *Full year payment* (i.e. where the ratepayer pays the financial year's rates in full, rather than in instalments):
    - Late penalties on the current year's Instalment 1 rates invoice will be remitted if current-year rates are paid in full by the due date for Instalment 2.

Remission 4: Contiguous parcels of land

Objective

Council charges a Uniform Annual General Charge (UAGC) as part of its general rates.

The objective of this remission is to waive the UAGC where doing so supports the purpose of the UAGC as set out in the "Rating Information" part of Council's Funding Impact Statement.

Conditions and criteria

Council will consider remitting the UAGC rate where:

- Parcels of land under different ownership are contiguous (i.e. sharing a boundary and in common usage, such that they should reasonably be treated as a single unit); OR
- It has been determined that a building consent will not be issued for the primary use of the land under the City Plan.

Remission applies to

All rating units.

Remission 5: Residential pressure wastewater system electricity costs

Objective

Following the 2010 and 2011 earthquakes, some gravity-fed wastewater disposal systems are being replaced by low pressure pump systems. This generally requires the pump to be connected to the electricity supply of the particular house that it serves.

The objective of this remission is to compensate affected homeowners for the additional electricity cost an average household has to pay to operate the new system.

Conditions and criteria

Affected ratepayers will receive a general rates remission equal to an amount determined by Council each year. The Council will make an effort to match this amount to the estimated annual electricity supply charges likely to be paid that year to operate the system.

The remission reflects the estimated annual cost for an average household and therefore only provides general compensation, not compensation reflecting the exact amount of the electricity charge actually paid by the homeowner.

Council's expectation is that where tenants pay for electricity, landlords will pass on the benefit of the remission to their tenants.

Any change to this remission policy must be the subject of consultation with affected residents prior to any decision being made.

For 2024/25, the remission is set at $37.00 per annum (including GST).

Remission applies to

All affected residential properties where the new low pressure pumps are connected to the household electricity supply as a result of Council's earthquake recovery work, but excluding any property:

- With a pump owned and installed by a property owner prior to 1 July 2013,
- That requires a pressure sewer system after 1 July 2013 as part of a subdivision, land use consent or building consent,
- That was vacant land prior to 4 September 2010, or
- That is sold after 30 June 2018

Remission 6: Earthquake-affected properties

Objective

The objective of this remission is to provide rates relief to those ratepayers most affected by the earthquakes, whilst acknowledging that any such support is effectively paid for by those ratepayers less affected.

Conditions and criteria

Rates may be remitted for residential and "non-rateable" units unable to be occupied as a direct result of earthquake damage (i.e. the remission will not apply to houses vacated for the purpose of effecting earthquake repair).

The amount remitted will be equal to the amount of rates charged on the value of Improvements (i.e. rates will effectively be charged on Land Value only, as if the building had been demolished).

This remission shall NOT apply to properties sold after 30 June 2018, and will cease once the property becomes inhabited or inhabitable.

This remission also shall NOT apply where insurance claims on the property have been settled with the relevant insurance company.

Any new applications must be in writing, and any new remissions granted will not be back-dated prior to 1 July 2018. The Council may seek assurance or evidence from time to time that properties receiving these remissions remain eligible.

Remission applies to

All rating units.

Remission 7: Excess Water Rates

Objective

The Council expects that, in general, excess water rates must be paid in full by the ratepayer. However, the Council recognises that in some limited instances it is unreasonable to collect the full amount of excess water rates payable by a ratepayer.

The objective of this remission is to waive the payment of excess water supply rates where it is fair and equitable to do so.

Conditions and criteria

Council may consider remitting up to 100% of excess water rates when:

- A ratepayer could not reasonably have been expected to know that a leak within their boundary has resulted in unusually high water consumption, and can provide evidence the leak has been repaired.
- A residential ratepayer provides evidence that water is used for personal medical purposes, and that has contributed to the high water use.
- A residential ratepayer provides evidence that the high water use is the result of a large number of family members (greater than 8) living in the residence.

Remission applies to:

All ratepayers liable for excess water rates.

Remission 8: City Vacant Land

Objective

To provide rates relief for land that pays the City Vacant differential on the value-based general rate, where that land contributes to the amenity of its local area.

Conditions and criteria

Rates may be remitted for land paying the City Vacant differential on the value-based general rate. The amount of rates remitted is at Council's discretion, but may be up to the amount that restores the land to the same rating position it would have been in if the City Vacant differential was not applied to the land.

Land qualifies for this remission if it is being kept in an improved and maintained state, consistent with Council's Vacant Site Improvement Guide. This will be assessed at the discretion of Council.

Council will grant this remission based on the circumstances of the land as at the beginning of the rating year.

Further remission – consenting delay

Rates may also be remitted where Council considers that Council's actions or inactions have caused a delay in processing a building or resource consent relating to that land, and where Council considers that, if it had processed the consents in accordance with statutory timeframes, it is reasonable to expect that the land owner could have avoided being assessed for the City Vacant differential. The amount of rates remitted is at Council's discretion.

Remission 9: Wheelie bin service reduction

Objective

To provide rates relief from the Waste Minimisation targeted rate for rating units within multi-unit residential developments where the rating unit has opted out of receiving the 3-bin kerbside collection service, and to provide further rates relief to the extent that kerbside collection and disposal costs for refuse are included within the general rate rather than the Waste Minimisation targeted rate.

Conditions and criteria

This rates remission applies where a rating unit within a multi-unit residential development has, with the approval of Council, opted out of the 3-bin kerbside collection service. Note that opt out will be approved only where alternative arrangements are made for collection of all waste streams, and Council considers those arrangements provide an appropriately equivalent service.

Where the opt out applies for the whole year, the remission will be equal to the Waste Minimisation targeted rate, plus $83 (representing the average annual kerbside collection and disposal cost for the red bin).

Where the opt out applies for part of the year the Council may, at its discretion, grant a remission calculated based on the proportion of the year to which the opt out applies.

Remission 10: Other remissions deemed fair and equitable

Objective

To recognise that the Council's policies for rates remission cannot contemplate all possible situations where it may be appropriate to remit rates.

Conditions and criteria

The Council may, by specific resolution, remit any rate or rates penalty when it considers it fair and equitable to do so.

Rates Postponement Policy

Objective

To assist owner-occupiers of property to continue living in their home – in particular for retired ratepayers on fixed incomes, but also for younger ratepayers if they do not have the financial capacity to pay their rates or where the payment of rates would create financial hardship.

Postponement statement

Up to 100% of rates may be postponed for a period determined by the Council, where Council's rating staff consider that the applicant qualifies under this Policy.

Conditions and criteria

The postponement applies to properties that are the primary private residence owned and occupied by the ratepayer.

Applicants may qualify if they can demonstrate that:

a) they do not have the financial capacity to pay their rates; or

b) the payment of rates would create financial hardship.

Written applications and a declaration of eligibility will generally be required for all postponements. However, staff may waive the written application provided they are satisfied there is good reason and provided that full details of the application are recorded.

Applications for postponement will be considered on their individual merits.

Rates penalties will not be applied or will be remitted for any rates that have been postponed.

The postponement will continue to apply until:

a) the ratepayer ceases to be the owner or occupier of the rating unit; or

b) the ratepayer ceases to use the property as their primary private residence; or

c) the ratepayer recovers the ability to pay; or

d) a date specified by the Council at the time of granting the postponement;

whichever is the sooner.

Notwithstanding these criteria, the total amount postponed may not exceed 20% of the property's most recent Rating Valuation. If the postponed amount exceeds this figure, or Council rates staff consider that the continuation of postponement for another financial year will cause it to exceed this figure, the postponement will cease and all amounts will become due and payable. In such circumstance, the ratepayer may apply for a payment arrangement to avoid the imposition of late payment penalties (in accordance with Remission 3 of Council's Remissions Policy)

Postponement applies to:

Any rating unit owned and occupied by the ratepayer as their primary private residence.

Postponement – general issues

The postponed rates will remain a charge against the property and must be paid either when the property ceases to be the place of residence of the applicant or the criteria no longer apply. Postponed rates may include rate arrears owing from previous financial years.

A fee (calculated as a percentage of postponed rates) will be charged annually where rates have been postponed, and will be added to the total postponed amount. This fee will be calculated at the end of each rating year on the accrued amount postponed (including any fees) at the beginning of that financial year. The fee will be based on the Council's estimated cost of borrowing as published in the Annual Plan.

The Applicant must demonstrate understanding of the nature of compounding fees, for example through evidence of adequate financial or legal advice. The Council may require this understanding to be re-confirmed each financial year.

Policy on Remission and Postponement of Rates on Māori Freehold Land

Material in shaded boxes provides background information but is not part of the Policy.

Acknowledgements and Council's Relationship with Ngā Rūnanga

Council acknowledges Te Ngāi Tū Ahuriri Rūnanga, Te Hapū o Ngāti Wheke (Rapaki), Te Rūnanga o Koukourārata, Wairewa Rūnanga, Te Taumutū Rūnanga and Ōnuku Rūnanga (together "Ngā Rūnanga") as tangata whenua of the area within the Christchurch takiwā (the territory of the Christchurch City Council).

As tangata whenua, Ngā Rūnanga hold tino rangatiratanga, past present and future. This rangatiratanga is immutable and has been acknowledged by Te Tiriti o Waitangi and the Ngāi Tahu Claims Settlement Act 1998.

Relationship Agreement between Christchurch City Council and Ngā Rūnanga (1 Sep 2016)

Council has a Relationship Agreement with Ngā Rūnanga. The purpose of the agreement is recorded as follows:

"This Agreement records and embeds a new era of partnership between [Council and Ngā Rūnanga] that is based on mutual respect, the utmost standards of good faith and confidence that working jointly together will produce meaningful outcomes for current and future generations of all citizens, living within a vibrant and sustainable takiwā. - Mō tātou, ā, mō kā uri ā muri ake nei"

Recognising this Relationship Agreement, the process for making decisions under this policy will be determined by Te Hononga Council – Papatipu Rūnanga Committee (Te Hononga), or an equivalent Committee mechanism, or in the absence of such a process, by Council staff in accordance with Council's delegations register.

The Ngāi Tahu Claims Settlement Act 1998 applies to the area within the Christchurch takiwā.

Introduction

"Māori freehold land" is defined in the Local Government (Rating) Act 2002 as *land whose beneficial ownership has been determined by the Māori Land Court by freehold order*.

Maori freehold land in the Christchurch City Council takiwā (district)

As at 1 July 2021 there were 159 rating units of Māori freehold land in the Christchurch City Council takiwā (district). Most are located in Rapaki, Gebbies Valley and Motukarara, and in Banks Peninsula at Koukourarata (Port Levy), Wairewa (Little River), Wainui, and Onuku. The total capital value of this land was around $37 million.

The Council recognises that the ownership and use of Māori freehold land is different to general land. This Policy enables Council to respond to those differences in ways that are fair to owners and that encourage the long term retention, use and enjoyment of Māori freehold land by its owners.

The Council acknowledges the following features of Māori freehold land:

- Māori freehold land represents a very small proportion of land previously owned by Māori, the remainder of which has been alienated from Māori ownership and use.
- Much of the Māori freehold land in the Christchurch City Council takiwā is either unoccupied or unimproved or only partially used
- Much of the land is isolated and marginal in quality
- Māori freehold land usually has multiple owners making it challenging for individuals with a stake to get the necessary agreement from the owners to use or develop the land
- Multiple ownership presents challenges in terms of administering the land including the payment of rates. This can result in significant rates arrears which may need to be paid before the land is used or developed
- Some land has special significance which would make it undesirable to develop or reside on.

Definitions

Terms used in this Policy have the meaning given to them by the Local Government (Rating) Act 2002 and Te Ture Whenua Maori Act 1993.

Land to which this policy applies

This policy applies to Māori freehold land.

This policy may also apply to the following types of land as if it were Māori freehold land:

- Māori customary land

Māori customary land

Council understands there is no land within the Christchurch City Council takiwā that is classified as Māori customary land.

- a Māori reservation set apart under section 338 of the Te Ture Whenua Maori Act 1993 or the corresponding provisions of any former enactment
- land described in section 62A(1)(a) and (b) of the Local Government (Rating) Act 2002 ("1967 land")

"1967 land"

This term refers to general land that ceased to be Māori land under Part 1 of the Maori Affairs Amendment Act 1967, where the land is beneficially owned by the persons, or by the descendants of the persons, who beneficially owned the land immediately before the land ceased to be Māori land.

The 1967 amendment to the Māori Affairs Act required the Registrar of the Māori Land Court to reclassify some Māori freehold land as general land. This was sometimes done without the knowledge or agreement of the owners.

The Local Government (Rating) Act 2002 limits the actions that a local authority can take to recover unpaid rates in respect of 1967 land. In particular, it cannot carry out an abandoned land or rating sale (refer to s77(3A) and s67(3)(b)).

- land returned to iwi or hapū ownership through treaty settlement or a right of first refusal scheme

Rateability of Māori freehold land

The following land is fully non-rateable under Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 *(this is not a complete list of non-rateable land – refer to that Act for further details in some cases)*:

- An unused rating unit of Māori freehold land (clause 14A)
- Land that is subject to a Ngā Whenua Rāhui kawenata (clause 1A)
- Land used solely or principally as a place of religious worship (clause 9)
- Land used as a Māori burial ground (clause 10)
- Māori customary land (clause 11)
- Land that is used for the purposes of a marae (some exceptions apply) (clause 12)
- Land set apart as a Māori reservation (some exceptions apply) (clauses 13 and 13B)
- Māori freehold land on which a meeting house is erected (some exceptions apply) (clause 13A)

Non-rateable land may still have targeted rates set on it for sewerage and water supply, but will not have other rates applied.

Remission or postponement of rates is available only to the extent that rates are actually set on the land. Non-rateable Māori freehold land will not need to apply for a rates relief under this Policy, except to the extent that the land has rates set for sewer and water supply – those rates may be remitted under this Policy.

Valuation of Māori freehold land

Christchurch City Council sets rates primarily in proportion to the capital value of rating units. The capital value of a rating unit is determined by the Council's Valuation Service Provider – currently Quotable Value (QV).

For Māori freehold land rating units, QV first values the property as if it were general land, and then applies adjustments, which reduce the capital value, to reflect:

(i) adjustments under *Valuer-General v Mangatu Inc* [1997] 3 NZLR 641, which recognise among other things the very significant constraints on the sale of Māori freehold land

(ii) an adjustment factor applied for multiple owners, expressed as a percentage, and

(iii) an adjustment factor applied for sites of significance, expressed as a percentage.

To the extent that the capital value is adjusted downwards, Council rates set on the land will be correspondingly lower.

Who is liable for rates on Māori freehold land?

Normally the owner or registered lessee of a rating unit is liable for rates on land.

However, under section 96 of the Local Government (Rating) Act 2002, where a rating unit of Māori freehold land is in multiple ownership that is not vested in a trustee, a person actually using that land is liable for the rates on the land, regardless of whether the person using the land is one of the owners.

Section 62A of the same Act sets out a broadly similar provision for "1967 land".

Rates relief: remission and postponement

Rates relief under this Policy can take two forms: rates remission and rates postponement.

Council also has a Rates Remission Policy which applies generally to all land rather than specifically to Māori freehold land. Nothing in this Policy prevents owners of Māori freehold land from applying for a rates remission under that Rates Remission Policy. For example, a not-for-profit community-based organisation providing services from Māori freehold land might apply for a remission under the Rates Remission Policy. However, two rates remissions will not be given in respect of the same rates.

Council also has a Rates Postponement Policy which applies generally to all land. Owners of Māori freehold land may apply for rates postponement under that policy. If Council considers such a postponement is appropriate, Council may require the applicant to enter into an agreement with Council in relation to the postponed rates. This recognises that the Council would not ultimately be able to sell the land to recover any rates that remain unpaid following the end of the postponement.

Rates remission is generally preferred to rates postponement

Historically, the relief granted under previous versions of this Policy has tended to take the form of rates remissions rather than rates postponement. Council expects that is likely to continue. However, particular circumstances may well arise in future where Council considers postponement is more appropriate than a remission under this Policy.

Policy objectives

This Policy seeks to achieve the following objectives:

1. To recognise the rangatiratanga of Ngā Rūnanga over the land within the Christchurch takiwā.
2. To recognise that land is a taonga tuku iho of special significance to Māori and, for that reason, to promote the retention of Māori freehold land in the hands of its owners, their whanau, and their hapū, and to protect wāhi tapu.
3. To facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners, their whanau, and their hapū.
4. To ensure that owners of Māori freehold land contribute to Council's overall rates revenue requirement to the extent consistent with the first two objectives, and to the extent equitable with the contributions made by other land owners.

Conditions and criteria for postponement or remission of rates

Criteria

Rates relief under this Policy is granted entirely at the discretion of Council. The criteria for granting either a rates remission or rates postponement include some or all of the following:

1. the land is not in use

Council considers land would be in use if it is leased. Other circumstances that would be regarded as use include (but are not limited to) where a person or persons

(i) resides on the land,

(ii) depastures or maintains livestock on the land, or

(iii) stores anything on the land (compare the definition of "person actually using land" in section 5 of the Local Government (Rating) Act 2002)

Council considers that, while commercial grazing is a use, merely allowing animals to keep down the grass is not, in itself, a use. Council will consider other factors such as the whether the size and quality of the land would support commercial grazing.

Significant improvements on the land may indicate that a use is being made of the land.

Where land is difficult to access (e.g. it is landlocked or does not have legal access to a public road), that may indicate that no significant use is being made of the land.

Where the use is insignificant, Council may, at its sole discretion, provide rates relief.

Land is not regarded as used (for this purpose) merely because personal visits are made to the land or personal collections of kai or cultural or medicinal material are made from the land

Where use is being made of a portion the land, Council may, at its sole discretion, provide rates relief that recognises that the remaining portion is unused.

2. the land is being used for traditional purposes
3. where the land is used in providing economic and infrastructure support for marae and associated papakāinga housing (whether on the land or elsewhere).
4. the use of the land for other purposes is affected by the presence of wāhi tapu
5. the land has a high conservation value which the Council or community wish to preserve
6. the land is in multiple ownership or fragmented ownership, and no management or operating structure is in place to administer matters
7. there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates
8. where the rates relief is needed to avoid further alienation of Māori freehold land
9. where a rates remission is sought under section 114A of the Local Government (Rating) Act 2002 for Māori freehold land under development.

The key parts of s114A provide as follows:

114A Remission of rates for Māori freehold land under development

1) The purpose of this section is to facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners.

(2) A local authority must consider an application by a ratepayer for a remission of rates on Māori freehold land if—

(a) the ratepayer has applied in writing for a remission on the land; and

(b) the ratepayer or another person is developing, or intends to develop, the land.

(3) The local authority may, for the purpose of this section, remit all or part of the rates (including penalties for unpaid rates) on Māori freehold land if the local authority is satisfied that the development is likely to have any or all of the following benefits:

(a) benefits to the district by creating new employment opportunities:

(b) benefits to the district by creating new homes:

(c) benefits to the council by increasing the council's rating base in the long term:

(d) benefits to Māori in the district by providing support for marae in the district:

(e) benefits to the owners by facilitating the occupation, development, and utilisation of the land.

(4) The local authority may remit all or part of the rates—

(a) for the duration of a development; and

(b) differently during different stages of a development; and

(c) subject to any conditions specified by the local authority, including conditions relating to—

(i) the commencement of the development; or

(ii) the completion of the development or any stage of the development.

(5) In determining what proportion of the rates to remit during the development or any stage of the development, the local authority must take into account—

(a) the expected duration of the development or any stage of the development; and

(b) if the land is being developed for a commercial purpose, when the ratepayer or ratepayers are likely to generate income from the development; and

(c) if the development involves the building of 1 or more dwellings, when the ratepayer or any other persons are likely to be able to reside in the dwellings.

Conditions

In general, Council will provide rates relief under this Policy only where an application is made in writing, signed by the ratepayer. This allows Council to obtain the information it needs to make a decision. However, if Council already has sufficient information, it may grant rates relief without an application.

Council will provide an application form for rates relief under this Policy, and will publish it on Council's website.

In the event that applications for rates relief are made by only one or a minority of owners, Council may require evidence of agreement or support from a greater proportion of owners.

Council may, at its discretion, review whether a property continues to qualify for rates relief under this Policy. In doing so, Council may seek further information from any party that has a relationship with that land. Council may also request a written application from the ratepayer (or owners, or trustee).

Council may seek undertakings from the ratepayer, owners, users or managers of the land to provide information about the ongoing use or circumstances of the land.

Council may, at its discretion, end the rates relief if it considers the land no longer qualifies for the relief, or if the ratepayer has not provided sufficient information to enable a review of rates relief for the property.

Conditions relating to applications under s114A (Māori freehold land under development)

Following an application for rates remission under s114A, Council may request additional documentation where necessary to determine the start and finish dates of a proposed development or the staging of a development.

Developments that are staged can apply for remission for each separate stage of the development.

Rates will be remitted until such time as the development is complete, or the development is generating income, or persons are residing in houses built upon the land. Council retains flexibility to apply the remission for a longer period of time where desirable.

Amount and timing of rates relief

The amount and timing of any rates relief provided under this policy is entirely at the discretion of the Council.

Other forms of rates relief for Māori freehold land

Rating units of Māori freehold land used as a single unit: Under s20A of the Local Government (Rating) Act 2002, a person actually using 2 or more rating units of Māori freehold land may apply for the rating units to be treated as 1 unit for the purposes of a rates assessment. This could reduce the number of fixed rates that are applied to the properties. Applications should be made by email to ratesinfo@ccc.govt.nz mentioning s20A of the Local Government (Rating) Act 2002. Council must treat the rating units as 1 unit for assessing a rate if:

(a) the units are used jointly as a single unit by the person; and

(b) Council is satisfied the units are derived from the same original block of Māori freehold land.

Separate rating area: Council may, on request, divide a "separate rating area" from a rating unit on Māori freehold land if one part of the land comprises a dwelling that is used separately from the other land in the rating unit. This could help the occupant of that dwelling claim a rates rebate for low income earners in relation to their own rates assessment (for more information, see https://ccc.govt.nz/services/rates-and-valuations/reductions/apply-for-a-rates-rebate-low-income-earners). This is governed by section 98A of the Local Government (Rating) Act 2002. Applications to divide a separate rating area should be made by email to ratesinfo@ccc.govt.nz mentioning 98A of the Local Government (Rating) Act 2002.

Adoption date

This policy was adopted on 21 June 2022 and in accordance with section 108(4A) of the Local Government Act 2002 must be reviewed at least once every six years following this date.

Liability Management Policy and Investment Policy

Liability Management Policy

Introduction

The purpose of this Policy is to outline the level and nature of risks that are acceptable to us, and to control and manage borrowing costs, liquidity requirements and risks associated with treasury management activities.

Council is required to prepare and adopt a Liability Management Policy under section 102(2)(b) of the Local Government Act 2002 (LGA). The Liability Management Policy must state (s104 LGA) our policies in respect of the management of both borrowing and other liabilities, including:

- debt repayment
- interest rate exposure
- liquidity
- credit exposure

The Liability Management Policy focuses on treasury borrowing (external and internal) as this is the most significant component of our liabilities and exposes us to the greatest risks. Other liabilities are generally non-interest bearing. Cash flows associated with other liabilities are incorporated in cash flow forecasts for liquidity management purposes and for determining future borrowing requirements.

Council responsibilities

Council approves this Policy and any changes to this Policy.

In addition, Council has responsibility for:

- Approving our long-term financial position through the Long-term Plan (LTP) and associated Financial Strategy along with the adopted Annual Plan
- Approving delegations to the Chief Executive Officer (CEO)
- Approving the Terms of Reference for the Finance and Performance Committee of the Whole to delegate roles such as receiving quarterly reports on treasury activities and risks
- Approving transactions falling outside any delegated authority.

Chief Executive Officer (CEO) responsibilities

Council delegates authority to the CEO as stated in its published Delegations Register.

In addition to the specifically delegated authorities, Council expects the CEO to:

- Review this Policy at least once every three years and ensure it remains consistent with existing and new legislation
- Ensure compliance with this Policy
- Report quarterly to Council or an appropriate Council committee on debt and liquidity levels, interest rate risk, and other issues including any non-compliance with this Policy
- Receive advice of any non-compliance with this Policy, and any significant events, from the CFO
- Sign compliance certificates under borrowing and hedging agreements (including under section 118 of the Local Government Act 2002), and instructions to the Trustee under Council’s Debenture Trust Deed, as required.

The CEO delegates authority to staff as stated in Council’s published Delegations Register.

Borrowing limits

Council has an obligation to report against the financial prudence benchmarks set out in the Local Government (Financial Reporting and Prudence) Regulations 2014. We apply five additional debt benchmarks as shown below, the first four of which are also used to satisfy financial covenants agreed with the Local Government Funding Agency (LGFA). These are set by the foundation policies in Schedule 1 of LGFA’s Shareholders’ Agreement. Tighter limits apply if our long-term credit rating falls below 'A'. Standard & Poor's review in December 2023 confirmed Council's credit rating as AA (Stable).

Measure	Limit
Net Debt / Total Revenue	<290% (2024) <285% (2025) <280% (from 2026)
Net interest / Total revenue	<20%
Net interest / Annual rates income	<30%
Liquidity	>110%
Net Debt / Equity	< 20%

Definitions of these terms and guidance on their measurement are set out in Appendix 1. They are measured at the parent level unless agreed otherwise with LGFA. Council reports annually to LGFA on covenant compliance.

Our Long-term Plan (LTP) and Annual Plan (AP) report planned financial performance against these benchmarks and should include projected revenue, interest, debt and liquidity over the LTP period at levels that will not cause a forecast breach in any future year, or clearly identify where these benchmarks are not met and why.

Our treasury function will support compliance with the liquidity covenant by reporting quarterly to Council, or an appropriate Council committee, on ongoing compliance.

Our Annual Report reports against these benchmarks for the previous financial year.

Borrowing mechanism

Council is able to externally borrow through a variety of market mechanisms including issuing bonds and commercial paper (CP), direct bank borrowing, borrowing from LGFA, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing), the following is taken into account:

- Available terms from banks, LGFA, and debt capital markets;
- The potential to align borrowing with Council's broader ESG or climate resilience objectives;
- Our overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time;
- Prevailing interest rates and margins for different borrowing terms;
- The outlook for future interest rate and credit margin movements;
- Legal documentation and financial covenants together with security and credit rating considerations;
- Council may internally borrow from reserve funds in the first instance to meet future capital expenditure requirements.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation must take into consideration, ownership, redemption value and effective cost of funds.

Our ability to readily attract cost-effective borrowing is largely driven by our ability to rate, maintain a strong credit rating and manage relationships with our investors, LGFA, and financial institutions/brokers.

Security

Under a Debenture Trust Deed, our borrowing, committed bank facilities and potential liabilities under International Swaps and Derivatives Association (ISDA) contracts are secured by a charge over all our rates levied under the Local Government (Rating) Act 2002. Creditors holding that security under the Debenture Trust Deed rank equally or *pari passu* with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of our assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance);

- We consider a charge over physical assets to be appropriate;

Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

Maturing debt

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Debt managed on net portfolio basis

Council manages debt on a net portfolio basis. In general, individual borrowing deals will not be associated with particular projects or spending. Where the interest expense associated with borrowing can be claimed as a tax deduction, we will borrow specifically for that particular project or spending.

Council rates to repay debt over a period of thirty years, except for borrowing in relation to CCO equity or on-lending. For CCO equity and on-lending we plan to repay only interest, not the principal. This is set out in our Revenue and Financing Policy.

Guarantees / contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with our strategic objectives.

We hold un-called redeemable preference shares in CCHL, which exist to support CCHL's credit-worthiness and ensure that it can obtain services and funding at an efficient cost.

Council is not allowed to guarantee loans to CCTOs under section 62 of the Local Government Act 2002.

Other financial arrangements include advances to community organisations and trusts (see Investment Policy).

New Zealand Local Government Funding Agency (LGFA) Limited

Under its shareholding agreement with LGFA, Council has agreed to:

- Provide guarantees of the indebtedness of other local authorities to LGFA, and of the indebtedness of LGFA itself;
- Secure its borrowings from LGFA (and the performance of other obligations to LGFA or its creditors) with a charge over its rates and rates revenues; and
- Each time the Council borrows from LGFA, contribute a portion of that borrowing back to LGFA as an equity contribution (i.e. in the form of Borrower Notes).

To the extent that we consider it necessary or desirable, we may also commit to contributing additional equity (or subordinated debt), and/or subscribe for shares and uncalled capital in LGFA.

Approved financial instruments

Approved financial instruments (which do not include shares or equities) are shown in the following table.

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Category	Instrument
Cash management and external borrowing	Bank deposits Bank overdraft Bank term loans Committed standby facilities from banks and/or LGFA Bond issuance (floating or fixed rate) Commercial paper issuance NZD denominated Private Placement Loans Forward starting committed debt with the LGFA
Interest rate risk management	Forward rate agreements (FRAs) on bank bills Interest rate swaps (including forward-starting swaps) Interest rate options on: • Bank bills (purchased caps and one for one collars) • Interest rate swaptions (purchased swaptions and one for one collars only)

Interest rate risk

Risk recognition

Interest rate risk is the risk that funding costs will materially exceed projections included in the LTP or Annual Plan (due to adverse movements in market wholesale interest rates) and adversely impact revenue and expense projections, cost control and capital investment decisions/returns/feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to the impact of interest rate movements on interest expense, through fixing/hedging of interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

Interest rate risk control limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Our forecast external debt (net of any forecast external debt to fund on-lending to CCOs, but gross of any investments) should be within the following fixed/floating interest rate risk control limits.

We may pre-hedge in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate hedging in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

- Fixed Rate is defined as all known interest rate obligations on forecast external debt (net of forecast external debt to fund on-lending to CCOs), including hedging instruments. Floating Rate is defined as any interest rate obligation that is subject to movements in the applicable reset rate.
- Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average forecast external debt amounts for the given period (as defined in the above table).

Debt Interest Rate Policy Parameters		
Debt Period Ending	**Minimum Fixed**	**Maximum Fixed**
0 – 1 Year	40%	95%
1 - 2 Years	35%	90%
2 - 3 Years	30%	85%
3 - 4 Years	25%	80%
4 - 5 Years	20%	75%
5 - 6 Years	0%	70%
6 - 7 Years	0%	65%
7 - 8 Years	0%	60%
8 - 9 Years	0%	55%
9 - 10 Years	0%	50%
10 - 11 Years	0%	45%
11 - 12 Years	0%	40%
12 - 13 Years	0%	35%
13 - 14 Years	0%	30%
14 - 15 Years	0%	25%

- A fixed rate maturity profile that is outside the above risk parameters, but self corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the risk parameters for more than 90 days requires specific approval by the Council.

- Interest rate swap maturity is limited by the maximum offered LGFA Bond maturity. Council approval is required before entering interest rate swaps with maturities beyond that date. Hedging is to be achieved through the use of approved interest rate risk management instruments.
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate in-the-money.
- Interest rate options that have a strike rate (exercise rate) higher than 2% above the corresponding market interest rate cannot be counted as part of the fixed-rate hedge percentage calculation.

Liquidity risk/funding risk

Risk recognition

Management of cash flow deficits in various future periods as identified in long term financial forecasts is reliant on the maturity structure of cash, short-term financial investments, borrowings and committed loan facilities.

Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps.

Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms.

The management of our funding risk is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level;
- Our credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons;
- A large individual lender to us experiences its own financial/exposure difficulties resulting us not being able to manage our debt portfolio as optimally as desired;
- New Zealand investment community experiences a substantial over-supply of council investment assets;
- Financial market shocks from domestic or global events.

The management of our funding risk is important to mitigate any adverse movement in borrowing margins, term availability and general flexibility.

Where possible, Council seeks a diversified pool of borrowing and ensures that bank funding is only sought from approved strongly rated New Zealand registered banks. Strongly credit rated banks have a short-term and long-term credit rating from Standard & Poor’s (or equivalent) of at least A-1 and A respectively.

Funding risk is primarily controlled by spreading the maturity of existing borrowings over time, so that, in the event of any of the above events occurring, our overall borrowing cost and maturity is not significantly compromised.

Liquidity/funding risk control limits

- Liquid funds, term debt and the available portion of committed debt facilities must be maintained at an amount in excess of 110% of existing external debt.
- We may pre-fund up to 18 months forecast debt requirements, including re-financings. Debt refinancing that has been pre-funded will remain included within the funding maturity profile until the maturity date.

The maturity profile of the total committed funding in respect to all external debt / loans and committed debt facilities, is to comply with the following limits:

Period	Minimum %	Maximum %
0 to 3 years	15%	60%
3 to 7 years	25%	75%
7 years plus	10%	60%

- A funding maturity profile that is outside the above limits but self corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside of these policy limits beyond 90 days requires specific Council approval.

Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party. The extent of this risk is weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Finance & Performance Committee. Credit limits are dependent on the counterparty's Standard & Poor's, (S&P) rating.

The following matrix guide will determine limits:

Counterparty	Minimum S&P credit rating	Maximum per counterparty ($m)*
NZ Government	N/A	Unlimited
LGFA	A-	Unlimited
NZ Registered Bank	AA band A band BBB+	$200 $150 $50
NZD Registered Supranationals	AAA	$50
Local Authority	BBB+ Un-rated	$40m $25m

Counterparty	Minimum S&P credit rating	Maximum per counterparty ($m)*
SOE	BBB+	$20m
Other Corporate	BBB+	$10m

In determining the usage of the above gross limits, the following methodologies will be used to determine product weightings:

- Financial investments (e.g. deposits, bonds) – 100% of the principal value;
- Interest Rate Risk Management (e.g. swaps, Forward Rate Agreements) – month-end mark to market value (as provided by the treasury management system) ***plus***:
  - 1.0% of the notional principal for instruments maturing within 1-5 years of the reporting date, OR
  - 1.5% of the notional principal for instruments maturing beyond 5 years of the reporting date.
- Foreign Exchange instruments (e.g. Forward Exchange Contracts) – month-end mark to market value plus 30% of the notional value of the instrument as provided by the treasury management system.

Appendix 1: Definitions of LGFA Financial Covenant Measures

Definitions of Terms

Schedule 1 of the LGFA Shareholders' Agreement sets out the following definitions used in the financial covenants:

- **Total Revenue** is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- **Net Debt** is defined as total debt less liquid financial assets and investments.
- **Liquidity** is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.
- **Net Interest** is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- **Annual Rates Income** is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Further Guidance from LGFA

LGFA has also provided some further clarification and guidance on these measures as follows:

- **Total Revenue:** From a council's revenue there are two key items that are excluded. The first is non-government capital contributions. This includes development contributions and any donations (such as from a Trust for a community project). These are excluded as they are deemed to be non-re-occurring. The second key item that is excluded is any non-cash flow items. This includes vested assets, found assets, revaluation of derivatives and any revaluation of assets (including revaluation of investment property, forestry and investment portfolios).
- **Net Debt:** For calculating net debt LGFA allows the deduction of cash, term deposits and any investments held within investment portfolios (whether these are ring fenced or not). Investment portfolios might typically include listed equities, fixed interest securities, listed property securities or units in managed funds. LGFA borrower notes can be deducted. Any council lending to a council CCO can also be deducted but only where the CCO is a going concern and not dependent upon council financial support. Any mark to market losses that exist with interest rate swaps should not be added to debt. Likewise, any revaluation gains cannot be deducted from debt. LGFA generally consider leases to be a form of debt. However, the nature of leases can differ. For a council with any material leases (not photocopiers etc), they should contact LGFA to agree upon the treatment.
- **Liquid Assets & Investments:** Councils can include the unutilised portion of committed standby facilities, cash, term deposits, any longer-term fixed interest securities that can be sold, any listed equities that are non-core that can be sold and any loans to a CCO (that is a going concern) that mature within 12 months (provided the CCO intends to repay such loan at maturity). Councils cannot include LGFA borrower notes as they are deemed not to be liquid.

- **Net Interest:** Gross interest is calculated by adding together the value of all a council's financing costs including interest costs on debt, costs of derivatives (but not any unrealised mark to market movements) and any costs on committed bank facilities. The finance component of a lease payment may also be part of a council's interest cost. This needs to be agreed with LGFA. To calculate net interest councils can deduct any interest earned on cash, term deposits, fixed interest and dividends on non-core listed equities. Councils cannot deduct any foreign exchange gains or unrealised gains on investments.
- **Annual Rates Income:** In addition to rates revenue, councils can add on any revenue received from income for which other councils' rate. The most common of these will be volumetric water charges.

Investment Policy

Introduction

The purpose of Council's Investment Policy is to outline the acceptable level and nature of investment risks, and to control and manage investment returns and associated risks.

Council is required to prepare and adopt an Investment Policy under section 102(2)(c) of the Local Government Act 2002 (LGA). The Investment Policy must state (s105 LGA) Council's policies in respect of investments, including:

- the acquisition of new investments
- the mix of investments
- an outline of the procedures by which investments are managed and reported on to the local authority
- an outline of how risks associated with investments are assessed and managed.

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council. Specific purposes for maintaining investments include:

- For strategic purposes consistent with our LTP;
- To reduce the current ratepayer burden;
- The retention of vested land;
- Holding short-term investments for working capital requirements and liquidity management;
- Holding investments that are necessary to carry out our operations consistent with an Annual Plan, to implement strategic initiatives, or to support inter-generational allocations;
- Holding assets (such as property) for commercial returns;
- Providing ready cash in the event of a natural disaster, the use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets;
- Investing amounts allocated to accumulated surplus, Council created restricted reserves and general reserves;
- Investing proceeds from the sale of assets.

Council recognises that, as a responsible public authority, all investments held should be low risk. We also recognise that low risk investments generally mean lower returns.

Council responsibilities

Council approves this Policy and any changes to this Policy.

In addition, Council has responsibility for:

- Approving delegations to the Chief Executive Officer (CEO)
- Approving the Terms of Reference for the Finance and Performance Committee of the Whole to delegate roles such as receiving quarterly reports on investment activities and risks
- Approving transactions falling outside any delegated authority.

Chief Executive Officer (CEO) responsibilities

Council delegates authority to the CEO as stated in its published Delegations Register.

In addition to the specifically delegated authorities, Council expects the CEO to:

- Review this Policy at least once every three years and ensure it remains consistent with existing and new legislation
- Ensure compliance with this Policy
- Report quarterly to Council or an appropriate Council committee on any non-compliance with this Policy

- Receive advice of any non-compliance with this Policy, and any significant investment events, from the CFO
- Act as the person recorded by each bank as the owner of Council bank accounts and wholesale banking products with that bank. This includes authorising changes to the list of authorised signatories (for wholesale banking products) and treasury dealers with those banks

The CEO delegates authority to staff as stated in Council's published Delegations Register.

Policy

Council's general policy on investments is that:

- We may hold financial, property, and equity investments if there are strategic, commercial, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function);
- We will keep under review our approach to all major investments and the credit rating of approved financial institutions;
- We will review our policies on holding investments at least once every three years.

Acquisition of new investments

With the exception of financial investments with banks (e.g. term deposits), new investments are acquired if approval is given by Council following presentation of a business case or report containing advice and recommendations from Council officers.

Before approving any new investments, we give consideration to:

- the contribution the investment will make in fulfilling our strategic objectives
- the financial return expected from the investment
- the financial risks of owning the investment
- the impact on our credit standing, borrowing requirements, debt limits and financial covenants
- accounting and taxation impact of the investment
- where the investment is a lending arrangement:
  - the interest rate earned on the lending, taking into account the borrower's credit profile and prevailing market interest rates
  - the borrower's credit risk profile, and the ability to repay principal and interest on the agreed dates
  - the form and quality of security arrangements provided
  - advances to charitable trusts and community organisations must meet the criteria set out in our Strengthening Communities Strategy, but do not have to be on a fully commercial basis.

All lending must be through a written contract, in a form reviewed and approved by our legal counsel.

Lending to Council Controlled Organisations (CCOs)

To better achieve our strategic and commercial objectives, Council may provide financial support in the form of debt funding to CCOs. These will typically be funded by specific borrowing which is then on-lent to the CCO through back-to-back arrangements with a margin to cover administrative costs, risks and the cost impact of any borrower note obligations.

Any on-lending arrangement to a CCO must be approved by Council. Approval may be on a case-by-case basis, or for an on-lending programme up to a specified amount and/or subject to specified limits.

In recommending an arrangement for approval we will consider the matters described above for acquiring new investments.

Lending arrangements must be on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date must be agreed between the parties.

We do not lend money or provide any other financial accommodation to a CCO on terms and conditions that are more favourable than those that would apply if we were borrowing the money or obtaining the financial accommodation.

Lending to CCOs is reported quarterly to Council.

Other support to CCOs

Guarantees of indebtedness to CCTOs are prohibited (under section 62 of the Local Government Act), but financial support may be provided by subscribing for shares as called or uncalled capital.

Investment mix

Equity investments

Equity investments include investments held in CCO and other shareholdings (including Christchurch City Holdings Ltd).

We hold equity investments and other minor shareholdings. Our equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP. Equity investments may be held where we consider there to be strategic community value.

We seek to achieve an acceptable rate of return on all our equity investments consistent with the nature of the investment and the stated philosophy on investments.

Any purchase or disposition of equity investments requires Council approval. We may also acquire shares that are gifted or are a result of restructuring.

Council recognises that there are risks associated with holding equity investments and to minimise these risks we, through the relevant Council committee, monitor the performance of our equity investments on a minimum twice yearly basis to ensure that the stated objectives are being achieved. We seek professional advice regarding our equity investments when we consider this appropriate.

New Zealand Local Government Funding Agency Limited investment

Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

Our objective in making any such investment will be to:

- Obtain a return on the investment;
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for us.

Because of these dual objectives, we may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. In connection with the investment, we subscribe for uncalled capital in LGFA and are a Guarantor.

Property investments

Council owns property investments for strategic and commercial purposes. We review ownership through assessing the benefits, including financial returns, in comparison to other arrangements that could deliver similar results.

Property disposals are managed to ensure compliance with statutory requirements and where appropriate consultation with Community Boards and Committees.

Property purchases are supported by registered valuations and where appropriate a full business case analysis. We do not purchase properties on a speculative basis.

We own land and buildings for the purposes of providing services and parks and reserves. These holdings are not considered to be investments for the purposes of this Policy.

Financial investments

Objectives

Our primary objective when investing is the protection of our investment capital. Accordingly, we only invest in approved creditworthy counterparties.

Our investment portfolio is arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. We prudently manage liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections;
- We may choose to hold specific reserves in cash and direct what happens to that investment income. Interest is credited to general funds unless the terms of the special fund or reserve fund state that interest is to accrue.

Special funds and reserve funds

Liquid assets are not required to be held against special funds and reserve funds. Instead we may internally borrow or utilise these funds.

Trust funds

Where we hold funds as a trustee, or manage funds for a Trust, then such funds must be invested on the terms provided within the Trust. If the Trust's investment policy is not specified then this policy should apply.

Advances

Council may provide advances to CCOs, charitable trusts and community organisations for strategic and commercial purposes.

We review performance of our advances on a regular basis to ensure strategic and economic objectives are being achieved.

Approved financial instruments

Approved financial instruments (which do not include shares or equities) are as detailed in the table below:

Category	Instrument
Investments	Bank deposits Bank and corporate discounted bills (up to 1 year) Government, SOE, and Corporate Bonds or Floating Rate Notes (FRN). Bonds or FRNs issued by local authorities or LGFA. LGFA borrower notes.

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All investment securities must be senior in ranking. The following types of investment instruments are expressly precluded:

- Structured debt where issuing entities are not a primary borrower/ issuer;
- Subordinated debt (other than LGFA borrower notes), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

Council Controlled Organisations

Christchurch City Holdings Ltd

www.cchl.co.nz

Christchurch City Holdings Ltd (CCHL) is wholly owned by the Council. CCHL holds shares in the following mostly trading companies and undertakes all governance activities, as well as monitoring and reporting on their performance.

Subsidiary companies

- Orion New Zealand Ltd
- Lyttelton Port Company Ltd
- Christchurch International Airport Ltd
- City Care Ltd
- Enable Services Ltd
- RBL Property Ltd (formerly Red Bus Ltd)
- EcoCentral Ltd
- Development Christchurch Ltd

Nature and scope of activities

CCHL's mission is to support the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable.

The company's core role is to monitor the Council's commercial investments, which largely service the region's infrastructure needs. The key objective of the CCHL group of companies is to deliver strong financial returns and dividends to the Council and increase shareholder value and regional prosperity through growth, investment and dividend payments.

Policies and objectives relating to ownership and control

CCHL was established to group the Council's for-profit trading enterprises under one umbrella, and to provide a single arm's-length interface between the companies and the Council.

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins CCHL's strategic direction and business plans, including the achievement of the shareholder's' commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council has input into setting the strategic direction of the company, its objectives and the measures of performance the company will be held accountable for achieving.

Key Performance targets

CCHL annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement Of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from CCHL's Statement of Intent on its and the Council's websites.

Performance Targets for 2024/25

- Introduction of capital allocation framework.
- Develop in consultation with the Council the principles of a responsible investment framework.
- CCHL and subsidiaries have clear diversity, gender equity and engagement plans in place.
- Group emissions reduction targets are set and reported publicly.
- Gross greenhouse gas emissions across the Group fall year-on-year.
- CCHL publishes integrated reporting and climate-based disclosures.
- Zero serious harm incidents or workplace fatalities across the group.
- Reduction in Total Recordable Injury Frequency Rate.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Net profit after tax	96	123	147
Ordinary dividend	55	65	65
Ratios			
Shareholders' funds / total assets	45%	44%	44%
Return on equity	3.6%	4.6%	5.4%

Orion New Zealand Ltd

www.oriongroup.co.nz

Orion is an energy network management company in which the Council has an 89.3% shareholding through CCHL (the remaining 10.7% is owned by Selwyn District Council). Orion owns Connetics Ltd, an electrical contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers

Subsidiary companies

- Connetics Ltd
- Orion NZ Ventures Ltd

Nature and scope of activities

Orion owns and operates the electricity distribution networks between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass. It has 220,470 customer connections and is New Zealand's third largest electricity distribution business in terms of line revenue, asset size and system length (km).

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins Orion's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

Orion annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from Orion's Statement of Intent on its, CCHL's and the Council's websites.

Performance targets for 2024/25

- Health and safety – events that could result in serious injury to employees (notified events) ≤4 and to service providers ≤4 and to the public ≤1.
- Group operational carbon emissions are 2456.
- SAIDI (duration of supply interruptions in minutes per year per connected customer) - 124.39
- SAIFI (number of supply interruptions per year per connected customer) - 1.1832

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Profit after tax	16.5	24.3	35.8
Dividends	25.0	30.0	35.0
Return on equity	1.9%	2.7%	3.9%

Lyttelton Port Company Ltd

www.lpc.co.nz

Lyttelton Port Company Ltd (LPC) operates under the Port Companies Act 1988. As a fully owned subsidiary of CCHL, it manages the port assets, including land and facilities on a commercial basis.

It is the South Island's largest port by volume and the third largest container port in New Zealand. It provides a vital link to international trade routes and plays a key role in the global transport network.

Nature and scope of activities

LPC is involved in providing land, facilities, plant and labour for the receiving, delivery, stockpiling, stacking and shipping of a wide range of products; the ownership of land and facilities necessary to maintain LPC's commercial assets; and the provision of facilities associated with the repair and servicing of vessels.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins LPC's strategic direction and business plans, including the achievement of the shareholder's commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

LPC annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from LPC's Statement of Intent on its, CCHL's and the Council's websites.

Performance targets for 2024/25

- Health and safety – zero reportable injuries/incidents.
- Total Recordable Injury Frequency Rate <1.8.
- Carbon reduction – achieve 2025 science aligned target for Scope 1 and 2 emissions reductions.
- 100% compliance against resource consent monitoring.
- 10 audits completed against the ethical procurement declaration.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	202.6	210.4	218.1
Net profit after tax	23.0	25.6	26.8
Dividends	11.5	12.8	13.4
Ratios			
Interest cover ratio	5.3	7.3	7.8
Shareholders' funds / total assets	58.5%	57.9%	57.4%
Return on equity	5.7%	6.2%	6.3%

Christchurch International Airport Ltd

www.christchurch-airport.co.nz

Christchurch International Airport Ltd (CIAL) is jointly owned by CCHL (75%) and the Crown (25%). The primary activity of the company is to own and operate the Christchurch International Airport efficiently based on sound business principles.

Nature and scope of activities

The company operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence. The airport is located 10 kilometres northwest of Christchurch city centre, on the western city development edge and is a critical piece of national and regional infrastructure.

As the gateway for Christchurch and the South Island, the airport is New Zealand's second largest airport based on passenger numbers and the busiest and most strategic air connection for the South Island trade and tourism markets.

CIAL is responsible for the efficient and safe operation of the airport, while aiming to provide the airport's users with modern, appropriate and efficient facilities and services.

ln addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as major destinations for overseas visitors and delivers airport land for retail, commercial and freight logistics' businesses.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins CIAL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

CIAL annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from CIAL's Statement of Intent on its, CCHL's and the Council's websites.

Performance targets 2024/25

- Health and safety – External audit of ISO 45001 aligned integrated management system.
- Domestic passengers – 4.9 million.
- International passengers - 1.6 million.
- Maintain airport operational greenhouse gas emissions reductions of 90% or greater (scope 1 and 2).

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	232.5	242.3	253.4
Earnings before interest, tax, depreciation and fair value movements	140.9	149.1	157.5
Net Profit After Tax	48.8	54.1	59.7
Dividends	43.9	48.7	53.7
Ratios			
Shareholders' funds / total assets	63.0%	62.3%	61.8%
Return on Invested Capital	4.7%	5.0%	5.2%

City Care Ltd

www.citycare.co.nz

City Care Ltd (CCL) is a nationwide provider of infrastructure maintenance, asset management and construction services. It is a wholly-owned company of CCHL.

City Care has a 75% shareholding in Apex Water Ltd, a design and build company of wastewater treatment plants, and owns 100% of property maintenance company Spencer Henshaw Ltd.

Nature and scope of activities

CCL's main service offerings are:

- City Care Water – three waters design, construction and maintenance solutions, asset management and optimisation services, network management and resilience solutions.
- City Care Property – asset and facilities management, property maintenance and trade services, open space and parks maintenance, building construction and capital works including landscapes as well as project management services.

Subsidiary companies

- Apex Water Ltd (75%)
- Spencer Henshaw Ltd (100%)

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins CCL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

CCL annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from CCL's Statement of Intent on its, CCHL's and the Council's websites.

Performance targets 2024/25

- Health and safety – reduction in total recordable injury frequency rate.
- Maintain Citycare Water's current ISO-accredited systems.
- Annual reduction of company-wide greenhouse gas emissions from scope 1 and 2 sources normalised against annual turnover to reach 2030 goals.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Earnings before interest, tax, depreciation and amortisation	31.3	33.5	36.4
Net Profit After Tax	12.4	13.4	15.2
Dividends declared	4.3	5.7	7.5
Ratios			
Return on Invested Capital	13.5%	14.1%	14.8%
Shareholders' funds / total assets	45.1%	50.0%	50.2%

Enable Services Ltd

www.enable.net.nz

Enable Services Ltd (ESL) is wholly owned by CCHL and trading as Enable Networks.

Nature and scope of activities

Enable's core business is to provide wholesale services over its fibre network infrastructure including retail fibre broadband, voice, internet, TV, video calling, content, gaming, and IT services provided to customers (such as homes, businesses, and schools).

Associate companies

- Enable Networks Ltd (ENL).

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-Controlled organisations. This objective underpins ESL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

ESL annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from ESL's Statement of Intent on its, CCHL's and the Council's websites.

Performance targets 2024/25

- Health and safety – reduction in total recordable injury frequency rate.
- Health and safety - zero serious harm incidents and workplace fatalities.
- Report greenhouse gas emissions against base year FY2020 with a focus on Scope 1 and 2 emissions reduction target of 35% by FY2025 towards achieving net zero emissions by FY2030.
- Waste reduction – ensure corporate landfill waste is below FY22 benchmark of 588.2 kg.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Earnings before interest, tax, depreciation and amortisation	95.8	103.5	110.0
Net Profit/(loss) After Tax	34.9	39.3	43.2
Dividends	25.0	25.0	25.0
Ratios			
Return on invested capital	6.3%	6.7%	7.0%
Shareholders' funds / total assets	50.6%	51.6%	53.7%

EcoCentral Ltd

www.ecocentral.co.nz

EcoCentral (ECO) is wholly owned by CCHL.

Nature and scope of Activities

EcoCentral oversees the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region. The company works to reduce the amount of waste going to landfill and to find ways to ensure Christchurch is a leader in recycling.

EcoCentral manages:

- EcoShop, the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.
- EcoSort, a large facility that receives all the 'Yellow Bin' recycling from Christchurch and surrounding areas where it is automatically sorted, baled and sold as reclaimed material. Material is sold either domestically or internationally to be made into new products
- EcoDrop comprises three transfer stations for managing the city's recycling and refuse for both domestic and commercial waste. Each station has a recycling centre, household hazardous waste drop off area and a refuse area for general waste, green waste and hardfill.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins EcoCentral's strategic direction and business plans, including the achievement of the shareholder's commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

ECO annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from ECO's Statement of Intent on its, CCHL's and the Council's websites.

Performance targets 2024/25

- Health and safety – annual reduction in total recordable injury frequency rate <10.
- Health and safety – zero serious harm incidents.
- Year on year reduction in greenhouse gas emissions intensity (per tonne handled).
- EcoShop - >130,000 customer sales per annum.
- EcoSort - >99.5% processing output is free from contamination.
- EcoDrop – divert >60,000 tonnes from landfill.
- Resource recovery – >6,500 tonnes diverted from landfill.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	55.0	56.6	58.2
Net profit after tax	1.3	1.1	0.9
Dividends	1.0	0.5	0.4
Ratios			
Shareholders' funds / total assets	33.4%	36.2%	42.6%
Return on capital	18.9%	15.0%	11.9%

RBL Property Ltd

www.cchl.co.nz

RBL Property Limited (RBL) is wholly owned by CCHL. The company was formerly Red Bus Ltd which provided public passenger transport, freighting and ancillary services. The operations were sold in 2020.

Nature and scope of activities

The company owns a block of land and its only activities are leasing and managing the property until its future ownership has been decided.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins RBL Property's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

RBL annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from RBL's Statement of Intent on CCHL's on CCHL's and the Council's websites.

Performance targets 2024/25

- Health and safety – Zero notifiable events.
- Safety target – All Injury Frequency Rate - zero incidents per million work hours.
- Environmental management – site maintained in compliance with consents and lease arrangements.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Net profit after tax	0.7	0.7	0.7
Ratios			
Return on invested capital	4.7%	4.5%	4.4%
Shareholders' funds / total assets	98.5%	98.6%	98.6%

Development Christchurch Ltd

www.cchl.co.nz

Development Christchurch Ltd (DCL) is a CCTO, wholly owned by CCHL.

Subsidiary companies and associates

Leisure lnvestments NZ (Limited Partnership) / Port Hills Leisure Ltd (General Partner) trading as Christchurch Adventure Park.

Nature and scope of activities

DCL was established by Council in 2015, with its purpose being to accelerate development activities in Christchurch's built environment. In mid-2020 the Council decided to transfer DCL's ongoing projects and functions to local agencies given the changing economic drivers in the city. DCL has retained ownership of land assets and an investment in the Christchurch Adventure Park pending eventual transfer to other Council-owned entities.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins DCL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practices.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

DCL annually agrees its key financial and non-financial performance targets with CCHL and the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from DCL's Statement of Intent on CCHL's and the Council's websites.

Performance targets 2024/25

- Confirmed sale and purchase agreements on all property held for re-sale.
- Monitor investment and establish appropriate ownership model for the Christchurch Adventure Park equity stake.
- Christchurch Adventure Park will continue to adapt and restructure its business model and operations to maintain a financially sustainable business.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Net profit/(loss) after tax	0.01	0.2	0.3
Ratios			
Return on capital	0.6%	3.3%	5.9%
Shareholders' funds / total assets	62.6%	63.1%	64.1%

Venues Ōtautahi Limited

www.venuesotautahi.co.nz

Venues Ōtautahi is wholly-owned by the Council.

Nature and scope of activities

Venues Ōtautahi has two areas of focus – attracting, planning and delivery of events and management of owned venues.

Venues Ōtautahi owns and/or operates the following venues:

- Town Hall (owned and managed);
- Wolfbrook Arena (formerly Christchurch Arena) (owned and managed);
- Apollo Projects Stadium (formerly Orangetheory Stadium), Addington (managed);
- Wigram Air Force Museum (managed); and
- Hagley Cricket Oval Pavilion (managed).

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins Venues Ōtautahi's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

Venues Ōtautahi annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from Venues Ōtautahi's Statement of Intent on its and the Council's websites.

Performance targets for 2024/25

- At least 16 major events across all venues.
- Visitors to venues exceed 500,000.
- At least 45 events receive the community rate, or the value of community discounts is at least $100,000.
- No serious harm incidents involving critical risks for visitors to venues, staff or third parties at Venues Ōtautahi.
- Achieve reduction in carbon footprint.
- Assets are maintained to ensure they are safe, compliant and operationally functional.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Earnings before interest, tax, depreciation and amortisation	(2.8)	(1.3)	0.8
Forecast capital structure			
Equity	244.6	244.6	244.6
Debt	3.2	3.2	0
Total assets	237.1	232.9	227.4
Ratios			
Shareholders' funds / total assets	85%	84%	84%

Civic Building Ltd

Council controlled organisations : Christchurch City Council (ccc.govt.nz)

Civic Building Ltd (CBL) is wholly-owned by the Council.

Nature and scope of activities

CBL owns a 50% interest in the Christchurch Civic Building Joint Venture with Ngāi Tahu Property (CCC-JV) Limited. The joint venture owns the Civic Building in Hereford Street.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins CBL's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

CBL annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from CBL's Statement of Intent on the Council's website.

Performance targets for 2024/25

- All plant that helps reduce energy consumption remains operational 90% of the time unless there is a specific issue requiring further attention.
- Provide twice the building code ventilation as per building design.
- Maintain the implementation of all pertinent recommendations from the 2022 accessibility audit.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	4.4	4.2	4.1
Net profit / (loss) after tax	0.4	0.5	0.4
Forecast capital structure			
Debt	47.6	47.6	44.9
Total assets	48.5	48.3	45.1
Ratios			
Shareholders' funds / total assets	-6.9%	-4.5%	-2.2%

Te Kaha Project Delivery Ltd
(formerly CMUA Project Delivery Limited)

TE KAHA
PROJECT DELIVERY

Council controlled organisations : Christchurch City Council (ccc.govt.nz)

Te Kaha Project Delivery Ltd (TKPDL) is wholly owned by the Council.

It is the company responsible for the delivery of the Te Kaha project (One New Zealand Stadium). The funding partners in the development are the Council and Crown.

Nature and scope of activities

TKPDL's mandate is to provide governance and financial control of the delivery of the Canterbury multi-use arena (One New Zealand Stadium) including planning, design, execution, monitoring and control through to practical completion.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins the company's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council shareholder influences the direction of the company, its objectives and its accountability settings.

Key Performance Targets

TKPDL annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent follows. A full set of targets and supporting information can be obtained from TKPDL's Statement of Intent on the Council's website.

Performance targets for 2024/25

- 100% compliance with relevant legislation, the Council's procurement policies and codes of practice.
- Assurance program of contractor (BESIX Watpac) that critical environmental controls are effective to manage environmental hazards effectively.
- Approve BESIX Watpac Sustainability Performance Plan and report against agreed project sustainability outcomes.
- Critical risk inspections carried out on schedule and report that critical controls are in place and are effective.
- Total Recordable Injury Frequency Rate (TRIFR) less than 10.0 per 1,000,000 hours worked on the project.
- Project risk register is up to date and risks are actively managed to meet project budget, optimise whole of life costs, deliver on time and deliver the detailed design specification.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	0.3	0.3	0.2
Net profit / (loss) after tax	0.0	0.0	0.0

ChristchurchNZ Holdings Ltd

www.christchurchnz.com

ChristchurchNZ Holdings Ltd (CNZHL) is wholly-owned by the Council.

It is the holding company for the Council's investment in ChristchurchNZ (CNZ). CNZ is Christchurch's economic development agency, responsible for delivering sustainable economic growth for Ōtautahi Christchurch on behalf of the Council.

Subsidiary and associate entities

CNZ is a joint venture partner with the Canterbury Employers' Chamber of Commerce in Canterbury Regional Business Partners Limited, a regional vehicle funded by the government to drive increased capability in small to medium sized entities.

Nature and scope of activities

CNZHL's primary focus is on delivering sustainable economic growth to Christchurch through attracting visitors, businesses, investment and events to the city, undertaking urban development, supporting businesses to achieve goals of becoming sustainable, adopting new technologies and innovation.

It is responsible for developing, implementing and monitoring the Christchurch Economic Development Strategy, Christchurch Visitor Strategy, Christchurch Major Events Strategy and Christchurch Antarctic Gateway Strategy, and for developing the Christchurch City Narrative.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins CNZHL's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key Performance Targets

CNZHL annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from CNZHL's Statement of Intent on its and the Council's websites.

Performance targets for 2024/25

- Long lasting job creation supported by CNZ – 180 FTE jobs.
- Short term job creation supported by CNZ through events, urban development and screen activity – 320 FTE jobs.
- Estimated value of GDP contribution attributable to CNZ activity - $40 million.
- Contribution to visitor spend supported by CNZ - $27 million.
- Value of investment into Christchurch supported by CNZ (excluding local government) 0 $35 million.
- Zero serious harm to employees while working.
- Reduce carbon footprint and offset to net zero.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Council funding	15.9	16.3	16.7
Other funding	2.3	1.8	2.0
Net surplus / (deficit)	(0.6)	0	0
Total assets	4.9	4.9	4.9

Riccarton Bush Trust

www.riccartonhouse.co.nz

Riccarton Bush Trust (RBT) manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The Trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains.

The RBT was incorporated under a 1914 Act of Parliament, which was followed by a series of amendments, the most recent being the Riccarton Bush Amendment Act 2012. This gives the Trust the power to negotiate with the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds.

The Council appoints five of the eight members on the Trust Board.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins the RBT's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the RBT, its objectives and measures of performance for which it will be held accountable.

Key performance targets

RBT annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from RBT's Statement of Intent on its and the Council's websites.

Performance targets for 2024/25

- Health and safety – zero serious harm incidents.
- Six monthly monitoring and effective management of rodent activity through baiting and trapping to result in little or no increase in activity.
- Tender process for Stage 1 of Bush Enhancement Project to replace board walk and improve interpretation is completed.
- Develop a plan with clear targets for reducing carbon in the Trust's operations for implementation by year end.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	0.8	0.8	0.8
Expenses	1.0	1.1	1.1
Operating surplus/(deficit)	(0.2)	(0.3)	(0.3)

Rod Donald Banks Peninsula Trust

www.roddonaldtrust.co.nz

The Rod Donald Banks Peninsula Trust is a charitable trust created by the Council in July 2010. It was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and exists for the benefit of the present and future inhabitants of Banks Peninsula and visitors to the region.

The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pātaka o Rākaihautū – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the Peninsula's natural environment.

Nature and scope of activities

The Trust recognises the community as being of critical importance to the achievement of its charitable objects and focuses its efforts on engaging with groups with similar aims. The Trust acts as a facilitator, conduit and connector to assist these groups in the pursuit of common goals.

The Trust's hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups to achieve goals that they cannot otherwise achieve on their own.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins the Trust's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the Trust, its objectives and measures of performance for which the Trust will be held accountable.

Key performance targets

The Trust annually agrees its key financial and non-financial performance targets with the Council. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from the Trust's Statement of Intent on its and the Council's websites.

Performance targets for 2024/25

- Assess potential projects brought to the Trust's attention against the four pillars – access, biodiversity, knowledge and partnerships - to determine whether they should be added to the Trust's project list and action those that are deemed a priority.
- Te Ara Pātaka is nationally recognized as a walking route from Christchurch to Akaroa with a network of track connections.
- Active support for Banks Peninsula Ecological Vision goals to protect all old-growth forest remnants of more than 1ha, examples of all rare ecosystems and four indigenous forest areas of more than 1,000 hectares each.

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue	0.2	0.2	1.6
Expenses	0.6	1.0	1.0
Net Profit	(0.4)	(0.8)	0.5

Transwaste Canterbury Ltd

www.transwastecanterbury.co.nz

Transwaste was incorporated in March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened in June 2005.

Transwaste is a joint venture between local authorities in the region and Waste Management NZ Limited. The Council's share is 38.9%.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities. Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore the Council has a policy of maintaining, together with other local authorities in the region, an equal interest (50%) in residual waste disposal activities, as major shareholder, Waste Management New Zealand Ltd.

Through a Statement of Intent, the Council and other shareholders influence the direction of the company, its objectives and its accountability settings.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins Transwaste's strategic direction and activity plans including the achievement of the shareholders' commercial and non-commercial objectives.

Through a Statement of Intent, the shareholders influence the direction of Transwaste, its objectives and its accountability settings.

Key performance targets

Transwaste annually agrees its key financial and non-financial performance targets with its shareholders. These targets are recorded in the company's Statement of Intent.

A selection of key performance targets from the 2024/25 Statement of Intent is provided below. A full set of targets and supporting information can be obtained from Transwaste's Statement of Intent on its and the Council's websites.

Performance targets for 2024/25

- No proven breaches of Resource Management Act consents.
- Gas capture and destruction of greater than 95% of landfill gas produced by Kate Valley landfill.
- Annual audit and adoption of appropriate KPIs for measurement of progress in maintaining and/or reducing greenhouse gas emission intensity.
- Ensure beneficial use of landfill gas to obtain the best economic value – increase by 25% over the five year period to 2029.
- Zero injury accidents in all operations that the company and its contractor (Waste Management NZ) will be responsible for including no serious avoidable injuries and maintaining or improving current Total Recordable Injury Frequency Rate (TRIFR).

Financial performance targets

	2025 $ million	2026 $ million	2027 $ million
Revenue (excl waste levy)	58.7	60.9	62.8
Earnings before interest and tax	21.3	21.9	22.6
Dividends	14.9	14.5	14.8
Ratios			
Shareholders' funds / total assets	40.7%	43.2%	46.8%

Central Plains Water Trust

www.cpw.org.nz

The Central Plains Water Trust (CPWT) was established by the Christchurch City and Selwyn District Councils (the Settlors) to facilitate sustainable development of central Canterbury's water resources.

Resource consents were issued by the Environment Court on 25 July 2012 which allow water to be taken from the Rakaia and Waimakariri rivers for the Central Plains Water Enhancement Scheme operated by Central Plains Water Limited.

Nature and scope of activities

To hold resource consents for the proposed Canterbury Plains Water Enhancement Scheme for the use of Central Plains Water Limited and to monitor the company's performance against them.

CPWT's obligations include reporting annually to the people of Canterbury on the Scheme's environmental, social and economic results and administering the Environmental Management Fund in the manner set out in the resource consents.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. This objective underpins the Trust's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council shareholders influence the direction of the CPWT, its objectives and its accountability settings.

Key performance targets

The Trust annually agrees its key financial and non-financial performance targets with its two Council shareholders. These targets are recorded in the Trust's Statement of Intent.

A selection of key performance targets from the 2024/25 draft Statement of Intent is provided below. A full set of targets and supporting information can be obtained from the Trust's Statement of Intent on its and the Council's websites.

Performance targets for 2024/25

- Report to the public on the performance of the Central Plains Water Scheme (Annual Sustainability Report).
- Ensure compliance with water use rights and resource consents and report any non-compliance.
- Provide education initiatives to the inhabitants within the Selwyn District.

Financial performance targets (not provided

	2025	2026	2027
	$ million	$ million	$ million
Revenue	0.1	0.1	0.1
Expenditure	0.1	0.1	0.1
Surplus for year	0	0	0

Council exempted organisations

The Council has direct ownership of a number of small operating and non-operating entities that via resolution are exempt from the CCO provisions of the Local Government Act 2002.

In support of the resolution, Council has considered the nature and scope of the activities of these entities, along with the costs associated with being a CCO and minor benefits that result from being a CCO.

Exemptions have been granted by Council resolution for:

Council
- CCC One Limited
- CCC Five Limited
- CCC Seven Limited
- Ellerslie International Flower Show Limited
- Mayor's Welfare Fund Charitable Trust

Venues Ōtautahi Limited
- VŌ Events Limited

City Care Limited
- City Care Property Limited
- City Care Property 1 Limited
- City Care Water Limited
- City Care Water 1 Limited

Christchurch International Airport Limited
- CIAL Holdings Number 1 Ltd
- CIAL Holdings Number 2 Ltd
- CIAL Holdings Number 3 Ltd
- CIAL Holdings Number 4 Ltd
- CIAL Holdings Number 5 Ltd

Christchurch City Holdings Limited
- CCHL 2 Ltd
- CCHL 4 Ltd
- CCHL 5 Ltd
- Christchurch City Networks Ltd (formerly CCHL 7 Ltd).

Te Mahere Rautaki Kaurera

OUR LONG TERM PLAN 2024–2034

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Christchurch City Council