

# Te Mahere Rautaki Kaurera **Our Draft Long Term Plan 2021-2031**

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Volume 2

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Image: He Puna Taimoana

Christchurch  
City Council 

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P.O. Box 73015, Christchurch 8154, New Zealand  
Tel. +64 3 941 8999 (0800 800 169)  
Fax +64 3 941 8033  
Web [ccc.govt.nz/ltp](http://ccc.govt.nz/ltp)

***Please note:***

This Draft Long Term Plan covers the ten year period beginning 1 July 2021.

This Draft Long Term Plan contains information that informed the Consultation Document published for public consultation on 12 March 2021. People wishing to make submissions on this Draft Long Term Plan should refer to the Consultation Document at **[ccc.govt.nz/longtermplan](http://ccc.govt.nz/longtermplan)** or at any Council library or service centre for details of the submission process.

The information in this Draft Long Term Plan has been prepared for the purposes of public consultation. There are likely to be changes between this Draft Plan and the Long Term Plan as finally adopted, and the differences may be material.

All documents are available at the draft Long Term Plan 2021-31 public webpage:  
[ccc.govt.nz/longtermplan](http://ccc.govt.nz/longtermplan)

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# Financial Strategy

The background is a solid teal color. A thick, white, curved line starts near the bottom left, dips slightly, and then rises steadily towards the top right, creating a sense of upward movement or growth.

# Financial Strategy 2021-31

Our Council's financial direction over the next 10 years strikes a balance between providing reliable infrastructure networks, facilities and services and addressing the financial impacts of COVID-19. At the same time, we need to maintain financial prudence, and build long term financial resilience within affordable rates and charges.

Getting this balance right means we can achieve our goals, to:

- Build long-term financial resilience
- Provide cost-effective infrastructure and facilities, and
- Ensure rates are affordable and sustainable.

We have had to consider trade-offs to find the optimal financial pathway forward and prioritise what we do. The Financial Strategy promotes a sound financial position where our citizens can look forward to the second quarter of the 21<sup>st</sup> century and beyond, with confidence, pride and optimism.

## About the Financial Strategy

### *Purpose and scope*

The Financial Strategy describes our proposed approach to securing the revenue to support investment that will sustainably and responsibly fund the services and activities, specific projects and programmes of work we provide for in the Long Term Plan 2021-31 (LTP 2021-31).

The Strategy is part of the LTP 2021-31 and sits alongside the 30-year Infrastructure Strategy, along with supporting documents such as the Revenue and Financing Policy, which details how the operating and capital costs of each Council activity will be funded, and the Significant forecasting assumptions. The Infrastructure Strategy describes the significant infrastructure issues for Christchurch over the next 30 years and identifies the principal options for managing these issues along with their

implications. The priority work programmes identified in the Infrastructure Strategy are grounded in the Council achieving the levels of service agreed with our community and meeting required standards (such as for drinking water) within a prudent financial framework.

There is inevitably tension between the Infrastructure Strategy and the Financial Strategy, requiring trade-offs between proposed work programmes and cost. The Financial Strategy must recognise the direction and priorities of the Infrastructure Strategy and plots a course that provides the funding required to best meet the aims of the Infrastructure Strategy within a wider limited financial context. Achieving this balance hasn't been easy and we have gone through the budgets and work programmes in detail to reach what we see as the most favourable proposal that achieves community wellbeing for our citizens and businesses while providing the best value for money possible.

## Our approach and proposed option

We are proposing what we see as the optimal work programme and budget for community feedback. As a consequence of COVID-19 the Council received and is forecasting to receive much smaller dividends in the short term from our commercial arm Christchurch City Holdings Limited (CCHL), and we lost some revenue through facilities operating at reduced capacity. The draft LTP 2021-31 rebalances operating income and expenditure to achieve the best outcomes possible from a reduced revenue base. We have identified further temporary and permanent annual savings in operating expenditure following the \$18 million of savings built into the Annual Plan 2020/21. These amount to \$329 million over the LTP 2021-31 period, with \$34.2 million being in the first year 2021/22. Savings have been achieved across the full range of Council activities without impacting levels of service provided to the community.

The core features of the proposed Financial Strategy are:

- Capital funding is sufficient to deliver a core annual capital expenditure programme of \$400-443 million for the first 3 years,

rising to between \$500 and \$550 million per year thereafter. This enables us to deliver the capital renewals necessary to protect the condition of our infrastructure networks.

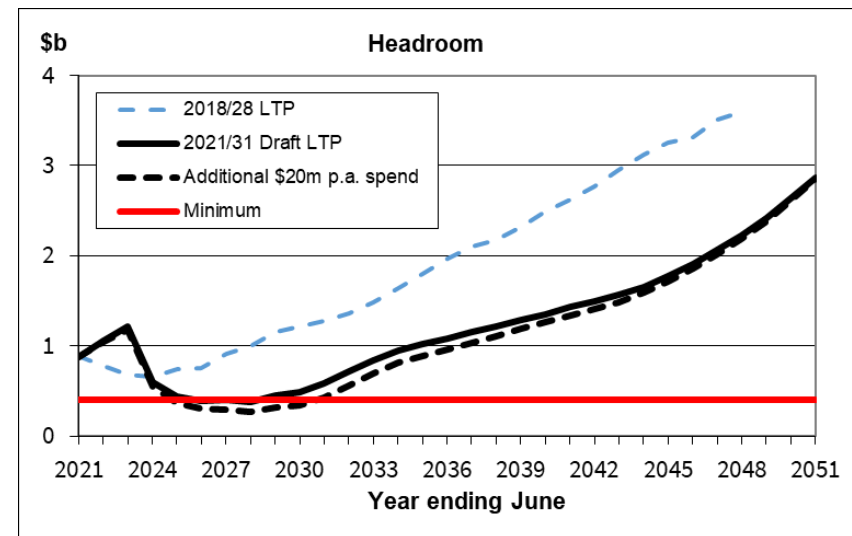
- Capital funding is also sufficient to deliver one-off capital expenditure to deliver major community facilities and shovel-ready projects. This commitment unlocks third-party Government funding contributions for the Metro Sports facility, Canterbury Multi Use Arena (CMUA), Regeneration Acceleration Fund projects and the approved Transport shovel-ready projects.
- Operational expenditure in the early years has been reduced or reprioritised over the long term to accommodate the short term loss of revenue from CCHL dividends post COVID-19, and the new operational expenditure that will occur when the Metro Sports and CMUA are up and running.
- Operational costs have been further reduced in the 2021/22 year with an additional \$26 million reduction on top of the Annual Plan reductions of \$18 million in the 2020/21 year and \$8 million in the 2021/22 year). Further reductions would reduce the levels of service we can deliver to the community and put at risk our ability to deliver the capital renewals programme required to protect our infrastructure networks.
- Debt headroom, (our ability to borrow in the event of an emergency and remain within debt covenant limits) has been maintained at a minimum \$400 million throughout the LTP 2021-31 other than 2026 (\$397 million) and 2028 (\$384 million).
- Our debt to revenue ratio increases until 2028 when the pace of increasing debt declines. This increases debt headroom from that time (our ability to borrow within debt covenant limits).
- Rates will remain affordable though annual increases are likely to be higher than some ratepayers would prefer. The proposed level of rates revenue gives us the ability to protect our infrastructure, deliver major new community facilities, keep debt levels manageable and maintain overall levels of service.

We made some tough decisions following our evaluation of priorities and relevant trade-offs and borrowing limitations. The average rates increase

at 5.56 per cent for 2021/22 is higher than we wanted in the post- COVID-19 environment, despite the significant operating saving made.

In arriving at the level of capital expenditure programme proposed, we have taken into account the need to prevent further deterioration in our asset networks with resulting significantly higher future maintenance costs. We have had to restrain the programme level and resultant borrowing in the first three years to preserve a prudent amount of debt headroom around the 2025/28 period where the net debt ratio peaks.

A further \$20 million of capital spend per annum would cause an ongoing rates increase of 0.15 per cent, but more critically, would drop prudent debt headroom below the minimum \$400 million for an extended period as shown in the graph below.



Rather than present capital programmes and budget options that would undermine the overall wellbeing of our communities and not be prudent, we are proposing a single work programme and budget for community feedback.

While operational savings options of \$35 million were considered, only \$26

million is proposed. Similarly limiting the core capital programme to \$370 million by not replacing water supply and wastewater renewal funding that had been reprioritised to Water supply wells/wellheads and water security priorities was considered but found to be unpalatable in terms of continued deterioration of key network infrastructure and resultant significantly increasing maintenance costs and increasing the risk to public health.

### ***Other options considered***

We looked at the impacts of having higher rates rises, which would enable accelerated delivery of asset renewals. This option was ruled out because we wouldn't have the capacity to deliver the projects nor borrow for additional capital works, and higher rates rises would place additional hardship on the most vulnerable citizens in our community.

We also looked at making even more severe cuts to budgets to achieve lower rates rises. However, this wouldn't enable us to look after our assets and would have meant we were passing on failing infrastructure to future generations. We would not be able to complete the major community facilities underway nor grow our city. It would also have required a drop in the levels of service we are able to provide. Some of the options also involved loss of subsidy we receive or additional short term closure costs. In the interests of community wellbeing and our responsibilities to look after our assets, we opted not to take this approach.

Several of the specific options considered and not pursued were:

- Make a 25% reduction in specific roading maintenance areas, amounting to a 10% or \$4.5 million annual reduction in overall roading maintenance. Savings areas include landscaping, amenity mowing, lichen removal, litter removal, road sweeping, drainage inspections and clearing, surface repairs and markings across roads, footpaths and cycleways. This involved a loss of NZTA subsidy of \$2.7 million annually and would have impacted on two important levels of service - resident satisfaction and our target of reducing customer service requests on road condition.
- Defer or discontinue the new Hornby facility, resulting in annual operating cost savings of \$2.2 million. Both options would be very

contentious with the local community. Deferral would lead to cost escalation of about \$0.85 million per year for the period of the delay, while discontinuing would require a write-off of costs already incurred of more than \$0.7 million.

The consultation document outlines further options considered and not recommended.

## **Key opportunities and challenges**

This Financial Strategy has been prepared at a time of constrained budgets and resources. We face four key challenges.

### ***1. Ensuring we have reliable and resilient infrastructure networks***

Our infrastructure networks need to be fit-for-purpose to deliver social, cultural, environmental and economic wellbeing for our citizens. There are three key drivers influencing our investment and funding decisions to ensure we provide the right infrastructure at the right time while providing best possible value for money.

#### ***Asset condition and renewals***

Infrastructure assets have a finite life after which they need to be replaced to avoid increasing service interruption and/or costly repair and maintenance. Significant proportions of our water supply and wastewater infrastructure networks are either at or coming towards the end of their economic life and need replacing.

The increasing proportion of post-World War II infrastructure needing replacement has coincided with the earthquake recovery programme, forcing us to make some difficult decisions regarding investment priorities.

Earthquake-related infrastructure repairs undertaken by SCIRT focused on restoring services. This included replacement of badly damaged critical infrastructure and largely patch-repairing the remainder.



In an attempt to keep debt and rate rises to acceptable levels over the past 10 years, we deferred some infrastructure renewals to enable delivery of prioritised replacement infrastructure and facilities. As a result, large parts of the core infrastructure networks are functional but carry a risk of failure. The risks are most acute in the water, wastewater and stormwater networks and to a lesser extent roads and footpaths.

### ***Providing for growth***

We expect to experience ongoing population growth. We need to make sure we have the right infrastructure available at the right time to support this and aligns with local and sub-regional growth scenarios.<sup>1</sup> We will need to take into account additional infrastructure required to support the National Policy Statement for Urban Development and enable development capacity.

We primarily fund the provision of infrastructure to service growth from development contributions. Infrastructure within a subdivision development is provided by the developer at no cost to us as a condition of the resource consent. We aim to keep the rates contribution to fund growth infrastructure to a minimum.

## **2. *Completing delivery of major community facilities***

We are near completion of an ambitious community facility investment programme, driven by the need to replace facilities lost as a result of the 2010/11 earthquakes and providing facilities that appropriately cater for a significant and growing city.

The community facilities construction programme is planned to be completed by 2024/25. This will see the completion of five major new facilities:

- Metro Sports Facility - (co-funded by Government), opening 2022

- Te Pou Toetoe – Linwood Pool - opening in late 2021
- Hornby Centre multi-use facility - opening in late 2022
- Canterbury Multi-Use Arena - (co-funded by Government) opening late 2024 Performing Arts Precinct - to be completed by 2024.

Our investment in these facilities is initially funded from borrowing which is repaid from rates over 30 years. Investment in these facilities contributes to new debt increasing by \$1.2 billion over the first 4 years with a peak debt to revenue ratio of 244 per cent forecast in 2027/28.

## **3. *Ōtākaro Avon River Corridor***

We have commenced implementing the Ōtākaro Avon River Corridor Regeneration Plan, and taking a co-governance approach by partnering with mana whenua and the community. The Regeneration Plan signals overall investment in the order of \$1.2 billion for network infrastructure and development of the Green Spine over 30 years. Over the next 10 years we have allocated \$316 million of capital development funding across Parks, Transport and Three Waters. Fully implementing the Regeneration Plan is a long-term commitment, and will focus on land transfer, partnership-building, option identification and planning over the next three years.

## **4. *Prioritising climate change adaptation and mitigation***

In 2019 the Council declared a climate and ecological emergency, acknowledging the urgent need for the Council and community to address climate change issues. We have set targets to reduce the district's emissions, and from our own infrastructure.

Our Climate Change Strategy (we're asking the community for feedback on the draft, as part of this LTP 2021-31) sets the direction of change and prioritises actions. We have some climate change

<sup>1</sup> Our Space 2018-2048 growth strategy and the Ōtautahi Christchurch Spatial Plan (along with other Council plans, such as Project 8011)

initiatives underway but this is a long term commitment that will emerge in more detail over the coming three years.

The LTP 2024-34 will include a more comprehensive suite of initiatives to address climate change mitigation and adaptation that could require investment.

## Overview of our current financial position

Our current financial position is solid. Rate increases in the last two Annual Plans have been lower than predicted in the LTP 2018-28, while debt is forecast to be \$2.11 billion at 30 June 2021, which is \$140 million lower than predicted in 2018.

Since the last Financial Strategy was adopted in 2018, the impact of the earthquake legacy in terms of underground infrastructure with shorter life has become clearer. And now, in the last year the economic impacts of COVID-19 have emerged.

The impact of COVID-19 on our finances has largely been felt by the short term loss of dividend income from CCHL. In preparing the 2020/21 revised Draft Annual Plan, operating savings of \$35 million over the years 2020/21 to 2021/22 were identified, with the intention to borrow \$102 million over the 2019/20 to 2021/22 years to fund the shortfall and avoid unacceptable rates increases. It was also recognised further operational savings would be required in the LTP. Currently the expectation is to borrow a total of only \$49.6 million. An improved dividend from CCHL in 2020/21 and proposed sales of surplus land have assisted this reduction. This debt is scheduled to be repaid within five years in order not to burden future generations.

A thorough review of operational costs was commenced in January 2020. This review examined the source and necessity for all operational costs that were being incurred with the purpose of stripping out any excess and inefficiency in processes. This work proved immensely valuable and provided some upside to enable the COVID-19 impact to be addressed without a double digit rates impact.

We are also conscious of the desire to reduce rate increases, while being aware that better infrastructure asset condition data was indicating higher levels of maintenance would be required to maintain a functioning network without significantly higher capital investment in renewals. In addition, once the major community facilities under construction are complete, they would require significant operating expenditure to cover running costs.

## Debt

Our current debt is lower than planned in the LTP 2018-28. However, while we can service current and forecast debt comfortably, our ability to borrow to respond to unexpected events is more constrained than previously. This is due to:

- **Earthquake recovery** – We are carrying significant debt used to fund investment in infrastructure and facilities repair and replacement. This debt will be repaid from rates over the next 20 – 30 years. Our net debt will continue to increase as we fund construction of the remaining major community facilities. In addition, our horizontal infrastructure has shorter remaining life post-earthquake and higher levels of renewal are required.
- **Funding asset renewals** - The path to funding core infrastructure asset renewals from rates will continue with a decreasing portion of asset renewals funded from borrowing through the LTP 2021-31 period. The expected completion date has moved out from 2029 to 2031. Moving to more appropriately funding renewals from rates rather than borrowing will ensure current ratepayers are not subsidised by future generations.
- **Growth** - New development areas, particularly in the south of the city (Wigram, Halswell and Yaldhurst) and the north (Prestons and Belfast), have offset the loss of red zoned residential areas along the Avon-Otakaro corridor and provided opportunities for new residents and businesses. While this investment is largely funded from development contributions in the long run, it is funded initially from borrowing.

Carrying a relatively high level of debt means that we must focus on retaining our financial resilience and having access to funds at short notice in order to respond to unexpected events. A key feature of this Strategy is to keep minimum available borrowing (headroom) to as close to \$400 million as possible to provide for this. Restraining the increase in debt through the LTP 2021-31 period is therefore key to us maintaining a prudent minimum level of financial resilience and sustainability.

### Capital expenditure

In the 2020/21 Annual Plan the core capital programme was set at a deliverable \$400 million. An in depth review of the future capital programme was undertaken, considering deliverability and affordability. Deliverability considerations included taking into account the additional work planned relating to shovel ready (Transport) projects, Water Reform, Canterbury Regeneration Acceleration Fund projects, Metro Sports and the Multi Use Arena which averages over \$210 million p.a. for the next three years.

From a rates affordability perspective, the size of the core capital programme has long term impacts. It is not possible to reduce the capital programme enough to generate a significant rates reduction in the short term; there would be increasing operational maintenance as an increasingly ageing network infrastructure begins to fail. We regard the maintenance and improvement in reliability and resilience of our infrastructure networks as critical, to ensure we deliver the core services our community demands and maintain public health.

We are proposing core capital expenditure of \$400 – 443 million p.a. in the first three years of the LTP, taking into account the additional projects spend above, and then stepping expenditure up to between \$500 and \$550 million for the remaining seven years. The step up largely relates to increased Water Supply and Wastewater renewals. This level of spend and resultant borrowing enables us to maintain minimum debt headroom at close to \$400 million whilst avoiding increased maintenance costs due to failing waters infrastructure.

## Our financial goals

### Our key strategic financial goals for years 2021 - 2031

The funding decisions we made in the LTP 2021-31 provide our pathway forward towards achieving these goals. Achieving them required prioritising expenditure and carefully considering trade-offs in order to keep rate increases to a minimum.

#### 1. Build long-term financial resilience

The financial impacts on the Council from the 2010/11 earthquakes, and lately the COVID-19 pandemic, have reconfirmed the need for us to be in a financial position to respond to unexpected events. Key to achieving financial resilience is the ability to borrow funds at short notice to soften the effects of a fiscal emergency and continue to deliver appropriate services without the need to pass on these usually short-term costs to rates.

While we have ensured that we have maintained a debt headroom margin of close to \$400 million in the short term to provide sufficient financial capacity to deal with any unexpected event other than a significant disaster, long-term financial resilience will require ongoing prudent financial management to achieve the following goals:

- **Balanced budget.** The LTP 2018-28 contained an unbalanced budget for the period 2020/21 to 2023/24 due to rating for asset renewals being historically too low. Since 2015 we have been addressing this by transitioning to fully funding renewals from rates by 2029. In the proposed LTP 2021-31 this is still occurring at a slightly higher pace to ensure minimum debt headroom is maintained, and has been extended to 2031. In conjunction with projected significant Crown revenues over the next three years, all years now have a balanced budget other than 2024/25 (99.3%).
- **Ensure an acceptable minimum amount of debt capacity (headroom) is maintained.** We must have the ability to access funding through borrowing if the unexpected happens. The earthquakes of 2010/11 taught us the value of overall financial resilience through being able to

access cash when needed. Our net debt ratio is forecast to peak in 2028 at 244%. Minimum debt headroom of \$400 million has been maintained in all years except 2026 (\$397 million) and 2028 (\$384 million). After 2028 the net debt ratio is budgeted to gradually improve and we will have the ability to borrow at least \$580 million without breaching debt covenants by 2031. The net debt/ revenue ratio falls below 180 per cent around 2045.

## 2. Provide cost-effective infrastructure and facilities

This requires us to balance the quality and reliability of infrastructure and facilities with what we can afford. The financial strategy needs to ensure we have sufficient revenue to deliver the following:

- **Fund the residual repair and replacement of infrastructure and facilities damaged in the 2010/11 earthquakes.** The SCIRT repair programme focussed on patch repairing infrastructure to ensure functionality. Large sections of the infrastructure networks remain in need of more permanent repair or replacement. This work has been integrated into our asset renewal programme.
- **Provide infrastructure and facilities that support growth.** Christchurch is the largest city in the South Island and is expected to experience ongoing growth. We need to ensure we have the right infrastructure in place at the right time to support growth.
- **Limit investment to what we need, what we can deliver and what we can afford.** We have continued to invest in the management of its infrastructure assets and as we learn more about asset condition and useful life we can make better decisions about provision and maintenance.

## 3. Ensure rates are affordable and sustainable

This requires us to always consider the effects its decisions will have on the rates requirement. 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.

- **Operating expenditure** savings budgeted to be achieved without lowering external levels of service.
- **Repay short-term debt** incurred post COVID-19 to cover the reduction in dividend revenue. This debt is budgeted to be fully repaid by 2027.
- **Continue to incrementally increase rating for asset renewals** to around 80 per cent of depreciation by 2031. This increases the rating required for renewals through to that date. Other external revenue, mainly from NZTA, funds 4 per cent of our renewal programme.
- **Set rates at a fair level**, balancing 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.

# Context to developing the Financial Strategy

## Population and household growth

Greater Christchurch is the second biggest urban centre in the country. Our population has grown 15.1 per cent since 2006. Only Auckland has grown more quickly.

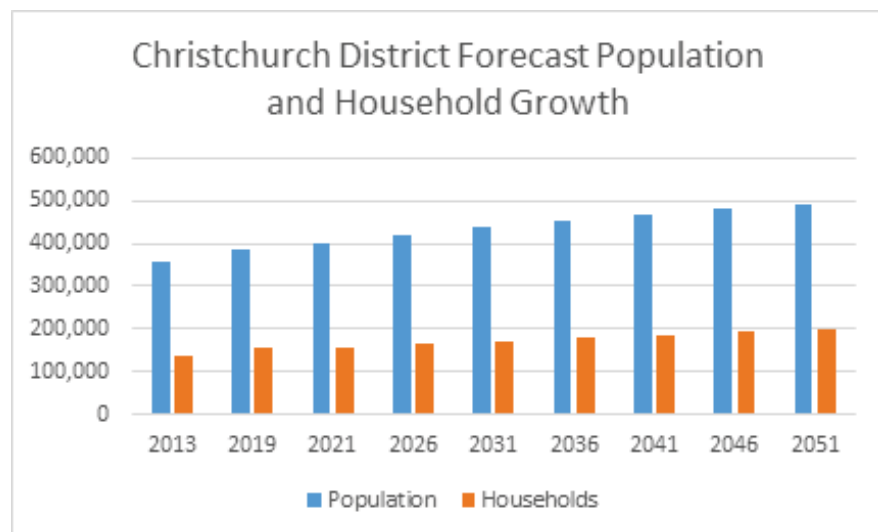
In 2019 our city's population was 385,500 people, and it is expected to grow to around 490,000 in the next 30 years. Selwyn and Waimakariri Districts have a combined population of 128,400 (2019), and this is projected to grow to 210,000 over the next 30 years.

Annual population growth is forecast to be approximately 0.9 per cent for the LTP 2021-31 period, compared with national growth of around 1.03 per cent. Our slower growth rate is due primarily to our ageing population compared with some other parts of New Zealand, particularly Auckland.

As our population ages, the average household size will reduce over time. This means the number of households is expected to grow proportionately faster than the population and it is anticipated there will be around 197,000 by 2051<sup>2</sup>

<sup>2</sup> Updated Statistics New Zealand figures are expected to be released later in 2021, which will inform updated population projections

**Figure 1. Forecast Population and Household Growth for Christchurch 2021 - 2051**



While growth in the number of homes and businesses increases our rating base and spreads the cost of our services across a larger number of ratepayers, the increase in the number of older residents will see a larger proportion of households living on a fixed income, which is likely to impact on resident’s ability and/ or willingness to pay rates.

**Land use and planning for growth**

We are a member of the Greater Christchurch Partnership which, through its Urban Development Strategy, has an integrated future growth plan for the Greater Christchurch region.

The land use and growth management aspects of the Urban Development Strategy are primarily implemented through the Resource Management Act 1991 Documents. These include the Canterbury Regional Policy Statement, Regional Plans, Mahaanui Iwi Management Plan, and District Plans.

The Partnership has recently undertaken a review of the strategic land use planning framework for Greater Christchurch. Our Space 2018-2048:

Greater Christchurch Settlement Pattern Update outlines land use and development proposals to ensure there is sufficient development capacity for housing and business growth across Greater Christchurch to 2048.

Collectively, the district plans for Christchurch City, Selwyn and Waimakariri already allow for a substantial number of new dwellings to be built in and around their urban areas. This development capacity is provided through greenfield housing areas (new subdivisions) and the redevelopment of existing housing areas. Some additional capacity also exists in rural locations surrounding the main towns in Selwyn and Waimakariri. Most of the capacity (around 80%) in Greater Christchurch is currently provided in the City, with only about 13% provided in Selwyn and 6% in Waimakariri.

For us, the significant capacity in the City is expected to be sufficient over the next 30 years, even with a higher share of growth apportioned to the City over the long term period. The Capacity Assessment undertaken in 2018 shows Christchurch has a housing development capacity of 59,950 homes, providing a medium term (2018 – 2028) excess capacity of 38,875, and a long term (2018 – 2048) excess capacity of 4,000. The report noted that in the medium term, capacity for around 3,500 dwellings in Christchurch is constrained by the provision of necessary infrastructure.

Most residential growth in Christchurch is planned to be through infill development in the central city and medium density zones. These areas generally have infrastructure in place to support growth or have infrastructure planned. Greenfield residential development in the north and south of the city will require investment in infrastructure network extensions and capacity increases to be accommodated.

We have provided for \$620 million of growth related capital expenditure over the LTP period, with the first three years averaging \$68 million per annum.

**Economic environment**

We are in a challenging economic environment over the short to medium term. The global recession following the COVID-19 pandemic has seen unemployment rise, consumption contract, and business

failures increase. At a local level the tourism sector and accommodation, hospitality and transport in particular, along with retail have been hit hard. However Christchurch has a diverse local economy and sectors such as manufacturing, agricultural support, health sciences and services and business focussed on technology and innovation have shown a high degree of resilience to the overall economic environment.

The big unknown at present is how the global economy will perform with some countries still experiencing varying degrees of lockdown and production, productivity and demand all weak.

Christchurch's current and likely future economic performance is hard to establish with confidence as the metrics tell conflicting stories.

The city's overall economic growth has been slowing as the post-earthquake rebuild has wound down. From the end of the March Quarter 2015 Christchurch GDP growth has been consistently below that of New Zealand as a whole. This performance lag has continued in the post-COVID-19 period with Christchurch GDP declining more than New Zealand as a whole. Overall though the picture remains mixed with some positive and some negative trends.

Specific metrics show varying results:

- The number of building consents for residential developments in Christchurch has remained strong following COVID-19 indicating confidence in the residential property markets. However the value of building activity for residential development was down slightly. There has been a significant drop in the number and value of consents for commercial development over the past year.<sup>3</sup>
- Job seeker support recipients in Canterbury increased 45 per cent from 14,555, in January 2020 (Pre-COVID), to 21,057 in November 2020. The tourism and hospitality sectors have been particularly hard hit.

- Average weekly earnings in Canterbury over the year to September 2020 increased 1 per cent (to \$1,045), half average increase for New Zealand as a whole (average wage \$1,118).<sup>4</sup>
- Domestic visitor spending in Christchurch increased 35 per cent (to \$197 million) when comparing October 2019 to October 2020. International visitor spending in Christchurch October on October fell 64 per cent (to just \$31 million).<sup>5</sup>

In the wider context, interest rates and inflation are both at historic lows. Since March 2020 the Government has looked to stimulate the national economy through increasing the money supply through quantitative easing. This has seen national GDP rebound strongly after the COVID-19 lockdown with unemployment significantly below earlier estimates.

While the individual data are varied the overall trend evident at the current time is that Christchurch is continuing a slow slide in economic performance compared to New Zealand as a whole as well as the larger cities we benchmark against.

The Council's response has been to look to maintain its investment in the city's infrastructure and facilities, to take advantage of low interest rates and to restructure spending profile in favour of capital expenditure over operational expenditure.

## Three Waters service delivery

Over the past three years, central and local government have considered solutions to the challenges facing delivery of Three Waters services. This has seen the creation of Taumata Arowai, a national water services regulator, to oversee and enforce a new drinking water regulatory framework, with additional oversight of wastewater and stormwater networks.

<sup>3</sup> Statistics New Zealand data <http://archive.stats.govt.nz/infoshare/>

<sup>4</sup> Statistics New Zealand data <http://archive.stats.govt.nz/infoshare/>

<sup>5</sup> <https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/monthly-regional-tourism-estimates/>

The Council has signed a memorandum of understanding between the Crown and local authorities that commits us to work together to explore future service delivery options.

This Financial Strategy, the Infrastructure Strategy and the LTP 2021-31 have been based on the assumption that we will continue to provide water and wastewater services as there is not enough information at this stage on which to base any alternative delivery model. Given the community will continue to require Three Waters services to be delivered, regardless of whether the Council does this or not, the core issues, work programmes and budgets will remain relevant.

If, in future, these services are to be provided by a new entity this will significantly change our financial position as revenue, costs and debt along with asset ownership associated with provision of water and wastewater services transition out of the Council’s books. This would require significant changes to the Financial Strategy, either as part of the process to develop the LTP 2024-34 or as an amendment to this LTP 2021-31.

It is too early in the process to determine the effects should the water and wastewater services be floated off to a new entity.

## Capital works programme

The capital works programme reflects the analysis of the city’s infrastructure requirements which was undertaken in preparing the Infrastructure Strategy, Activity Plans and Asset Management Plans that underpin the LTP 2021-31.

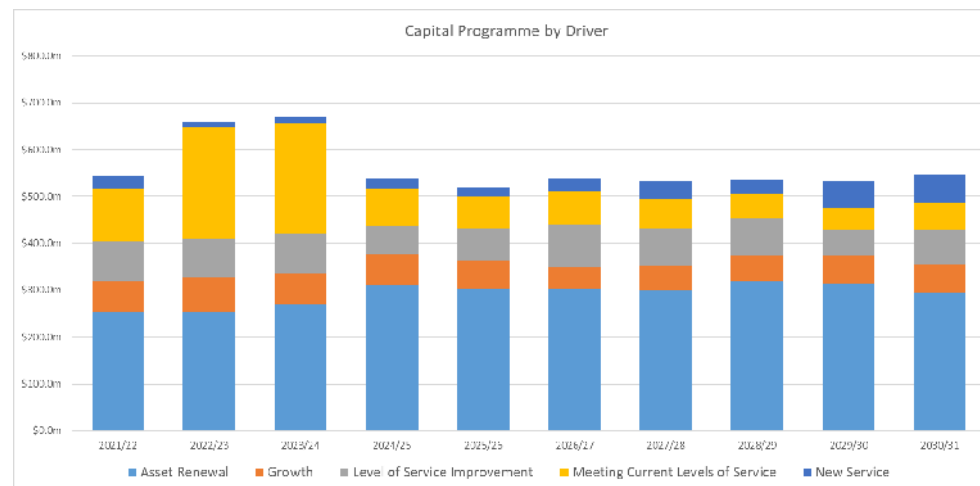
The Infrastructure Strategy details a 30 year plan for our water supply, wastewater, stormwater (including flood protection), transport, parks, facilities, solid waste and communication technology assets.

The capital works programme (other than renewals) is funded from borrowing to provide intergenerational equity – ensuring today’s ratepayers don’t fund the full cost of infrastructure that will provide benefit to future ratepayers.

We have capped the capital works programme, plus inflation, for the years 2021-31. This is to enable us to manage, then reduce, the debt to revenue ratio over time. This will result in increasing debt headroom, which is the amount we can borrow without breaching debt covenants for unforeseen requirements, thereby providing financial resilience to shocks.

The capital works programme is the largest area of our expenditure where there are clear options available around the level of investment, albeit with consequences on our ability to provide reliable infrastructure, meet the demands of growth, meet the community’s expectations in terms of the levels of service provided, and comply with regulatory requirements too.

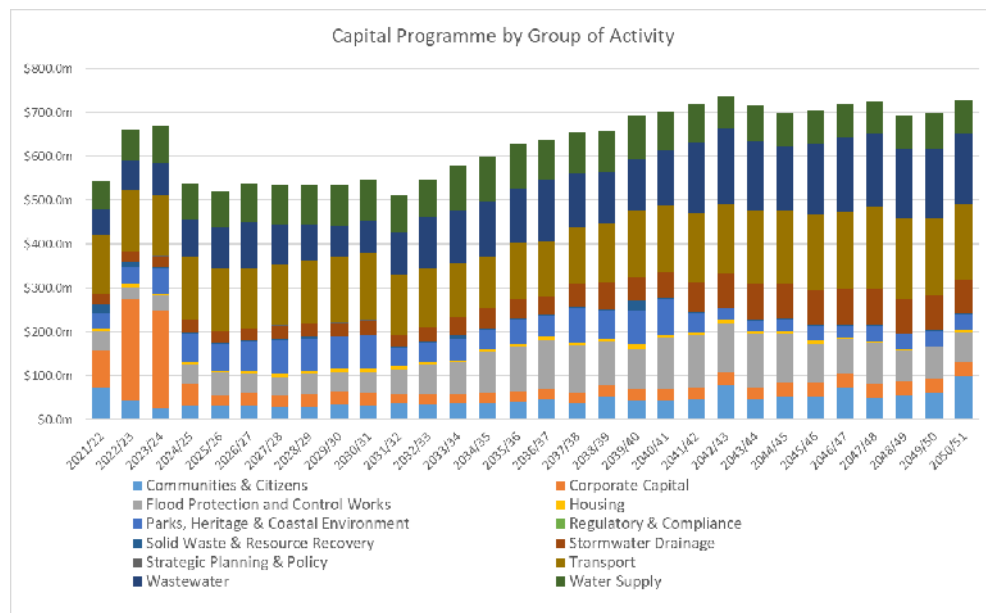
**Figure 2. Proposed capital expenditure 2021-31**



Asset renewals includes planned capital expenditure of \$175-\$200 million per annum in the first three years on network infrastructure, flood protection, and flood control works required to maintain existing levels of service. For the following seven years the average spend is over \$230 million.

The proposed capital expenditure programme (inflated) for the next 30 years is shown in the graph below.

**Figure 3. Capital spend for the next 30 years, by Group of Activity**



The total capital programme for the ten years of the LTP 2021-31 includes infrastructure, as well as non-infrastructure programmes for community facilities and internal services such as Information Technology, vehicle fleet and corporate accommodation. It includes a provision for the renewal of existing assets, plus additional capacity to meet demand growth and increasing levels of service.

## Rates projections and limit

### Annual Rates Increases

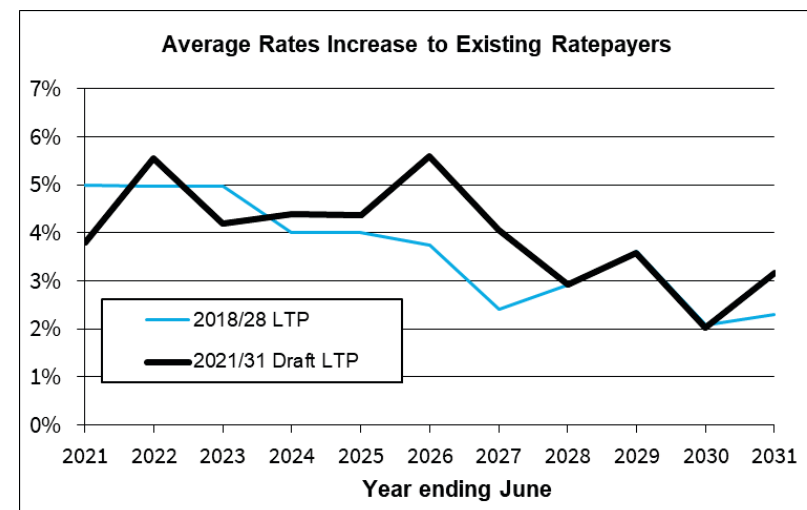
We propose a rates increase of 5.56 per cent in the 2021/22 year. This enables a capital investment programme to be delivered progressing the major facilities and prioritised water and wastewater infrastructure renewals, while also accommodating repayment of debt relating to the short term reduction in our dividend revenue.

The table below indicates the proposed increases to existing ratepayers over the period of the LTP.

**Table 1. Annual rates increase for existing ratepayers**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Proposed Rates increase	5.56%	4.19%	4.40%	4.37%	5.59%	4.07%	2.93%	3.60%	2.03%	3.18%

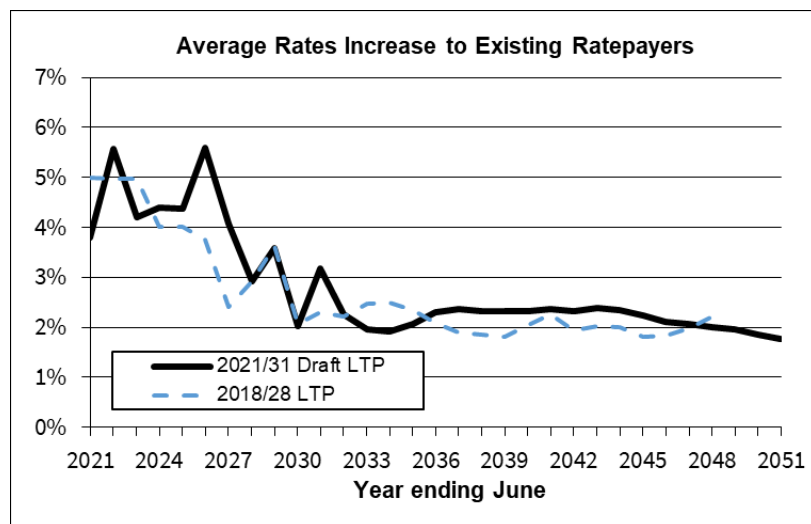
**Figure 4: Average annual rates increase for existing ratepayers – 2021 - 2031**





Over the longer term, average annual rates increases are forecast to settle at around 2.3 per cent for existing ratepayers as the level of new borrowing reduces. The peak in 2025/26 is largely due to a higher than normal CCHL dividend planned for 2024/25.

**Figure 5: Average annual rates increase for existing ratepayers – 2021 - 2051**



### Rates changes

We are consulting on a number of targeted rates changes in the LTP 2021-31. These include new targeted rates for Heritage, a grant to the Arts Centre and a grant to the Central City Business Association. We’re also consulting on expanding the Land Drainage rate to a city wide rate incorporating all ratepayers. This would transition in over three years. Details of these proposed rates can be found in the Funding Impact Statement – rating information.

It is also proposed to limit rates remissions to only those charities that have more limited funds on hand, (relative to their rates). Please refer to the proposed Rates Remission Policy for details.

### Rates affordability benchmark

We meet our statutory rates affordability benchmark if actual or planned rates increases for any year are equal or less than the quantified limit on rates increases.

We have set limits on total annual rate increases at 1 per cent higher than the rate increases proposed in the LTP 2021-31, as shown in the table below. This provides some flexibility in the event of unexpected adverse developments in our financial position or operating environment. The limit is a ‘soft limit’ in that we can choose to exceed it in any year but must explain why we believe it is prudent to do so. We report on compliance with rates limits through the Annual Report and the Pre-Election Report.

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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Proposed increase	6.7%	5.0%	5.2%	5.2%	6.4%	4.9%	3.7%	4.4%	2.8%	4.0%
Rates increase limit	7.7%	6.0%	6.2%	6.2%	7.4%	5.9%	4.7%	5.4%	3.8%	5.0%

## Debt projections and limits

### Use of debt

Debt is a key funding tool as it enables capital investment in infrastructure to be paid for by both today’s ratepayers and those of the future. This approach provides intergenerational equity, a key principle that underpins the Revenue and Financing Policy.

While we use debt as a beneficial tool to promote equity, there needs to be a balance between what we would like and what we can afford. We need to

ensure balance is in place in both the short and the longer term.

Our ability to borrow is limited by the willingness of lenders to provide credit and the ability and willingness of ratepayers to service interest costs and principal repayments.

### Projected debt level

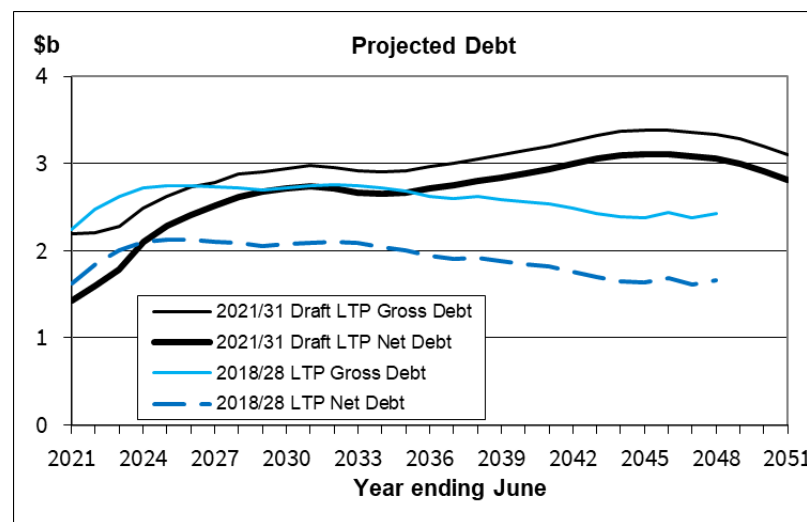
Gross debt is the total debt we are carrying. Net debt has cash holdings and debt (advances) owed to us deducted.

We propose to materially increase debt over the next four years (as shown in Figure 6 below) to enable the funding of the proposed capital investment programme, while retaining budget flexibility in the event of unexpected adverse developments in our position or operating environment.

Debt levels are initially lower due to the Crown funding the initial costs of the Canterbury Multi Use Arena, but increase in the medium term due to continuing borrowing for asset renewals and improvement in infrastructure. By the end of the LTP 2021-31 period debt levels stabilise at around \$3 billion for a period of time.

Gross debt is closer to net debt than in the LTP 2018-28 due to CCHL intending to borrow directly for its own requirements in future rather than via us.

**Figure 6: Forecast gross and net debt – 2021 - 2051**



**Table 2. Proposed net debt and capacity to borrow (debt headroom)**

\$million	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Proposed net debt	1,600	1,789	2,099	2,282	2,407	2,524	2,621	2,674	2,708	2,735
Debt headroom	1,063	1,220	596	443	397	403	384	452	492	589

### Limit on debt to revenue ratio

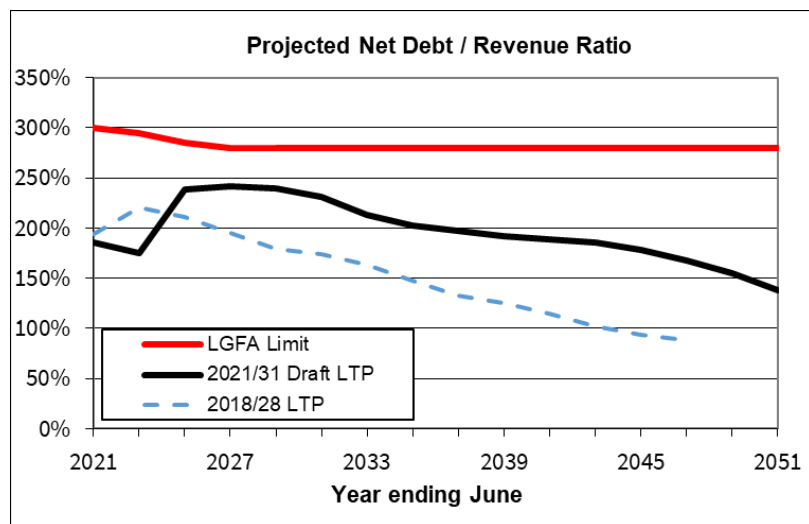
The debt to revenue ratio is an indicator of debt affordability.

The Council maintains several covenants with lenders which set specific limits on borrowing – most importantly, that total net debt may not exceed 300 per cent of total operating revenue in the 2021/22 year, then dropping 5 per cent a year before settling at a new longer term limit of 280 per cent from 2026. The higher short-term limit is to enable councils to invest in infrastructure as part of the COVID-19 economic recovery process.

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

The maximum debt to revenue ratio proposed over the 2021-31 period is 244 per cent in 2027/28, well under the 280 per cent LGFA limit. At this peak we retain “headroom” (the ability to borrow more if required without breaching financial covenants) of \$384 million.

**Figure 7: Forecast net debt to total revenue ratio – 2021 - 2051**



**Table 3. Net Debt as a % of Total Revenue**

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
180.3%	175.4%	225.9%	238.7%	240.4%	241.5%	244.2%	239.5%	236.9%	230.4%

### Debt affordability benchmark

Legislation requires local authorities to state a maximum debt limit over the LTP period. We meet the debt affordability benchmark for a year if actual or planned borrowing for the year is within each quantified limit on borrowing.

Quantified debt limits are shown in the table below. These have been set at the LGFA limits described above. The limits are a “worst case” maximum borrowing scenario.

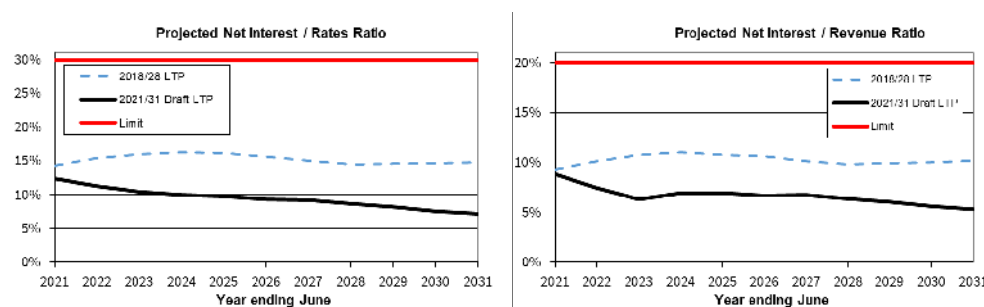
**Table 4. Proposed gross debt and quantified limit**

\$million	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Proposed gross debt	2,207	2,285	2,489	2,620	2,737	2,785	2,885	2,911	2,949	2,979
Quantified debt limit	3,269	3,505	3,085	3,062	3,134	3,188	3,269	3,363	3,441	3,568

### Limits on interest costs

The cost of interest to rates revenue ratio and the cost of interest to total revenue ratio are both further debt affordability indicators. The two graphs in Figure 8 below show interest costs remain well within our limits.

**Figure 8: Net interest to revenue 2021 - 2031**



Current and forecast low interest rates contribute to the reduced cost of interest relative to both rates and total revenue.

## Other considerations

### Rating base growth

We expect the number of rating units will grow each year due to the development of new subdivisions and buildings. This will increase demand for Council services and infrastructure.

This Financial Strategy assumes growth in the number of rating units (including residential and commercial) will tend to grow at a rate of 0.8 per cent per annum, slightly less than the pace of household growth. This assumption results in the following projections for the number of rating units in the LTP 2021-31 period.

June Years	2021	2022	2023	2024	2025	2026/	2027	2028	2029	2030
Rating Units	177,146	178,563	179,992	181,432	182,883	184,346	185,821	187,307	188,806	190,316

### **Inflation**

We use the BERL Local Government Cost Adjustors which are the basis of inflation forecasts for most New Zealand councils. We used the “mid-scenario” adjustors as this is considered to best align with the economic and population growth expected for Christchurch district over the next 10 years. Forecast inflation ranges between 2.1 - 2.9 per cent per year and is included in the Significant Assumptions section of this LTP.

### **Interest**

Interest rates are important to us as borrowing (usually over a 30 year term) is used to fund new capital asset investment and for some of the cost of asset renewals. Borrowing to fund capital assets ensures today’s ratepayers don’t fund all of the costs of assets that will provide benefits over a long period.

We are in a period of low interest rates with future interest rates forecast to remain below 2.2 per cent over the coming 10 years. This is reducing the cost of borrowing over time as fixed rate debt is refinanced or repaid.

Forecast interest rates used in the LTP are included in the Significant Assumptions section of this LTP.

### **Insurance**

We have gradually increased our insurance cover on assets as insurance providers have re-entered the Christchurch market following the 2010/11 earthquakes and as insurers gain more confidence in the resilience of our assets.

Based on external modelling we identified the maximum probable loss of above ground infrastructure and current insurance provide for two significant events.

In the event of another significant earthquake, we will rely on a combination of insurance and borrowing to fund the 40 per cent share of the cost of damage repair. 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 on repairing or replacing underground assets following the 2010/11 earthquakes.

### **Local Government Funding Authority (LGFA) – debt limits**

The LGFA is our main source of loan funding. It raises funds by issuing bonds and on lends to councils, usually at a sub-market rate. To manage its risk the LGFA requires councils to operate within prescribed debt to revenue ratio limits. In June 2020 LGFA shareholders approved changes to allow the Net Debt to Total Revenue financial covenant ratio limit applying to councils with a credit rating of “A” equivalent or higher to increase from 250 per cent annual revenue to 300 per cent for the 2020/21 and 2021/22 financial years. The limit will then reduce 5 per cent per year until it reaches the new long term limit of 280 per cent in the 2025/26 financial year.

### **Credit rating**

The Council’s credit rating affects our access to lending and the interest rate charged. This Financial Strategy seeks to support the retention of our current “AA- (Stable)” Standard & Poor’s credit rating. This credit rating may be at risk in later years due to increasing debt levels.

Any downgrade in the credit rating would have only a marginal impact on interest rates charged but could increase annual interest costs by as much as \$1.1 million in the later years of the LTP 2021-31. Should a downgrade occur, it is expected that our credit rating would be restored over time as the net debt/ revenue ratio returns to more conservative levels by the early 2040s.

## **Security on borrowing**

Borrowing is secured by way of a charge over future rates revenue. Security may be offered by providing a charge over one or more specified assets but 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.

# **Financial investments and equity securities**

## **Working capital**

We routinely holds a significant working capital cash balance to fund timing differences between income and expenditure.

Our Investment Management Policy requires a conservative approach to external investment of these balances – generally limited to cash and short-term bank deposits, reflecting the funds being needed relatively frequently to meet payment requirements.

## **Reserves and special funds**

We hold funds in various Reserves and Special Funds. These are listed in this LTP. When not immediately required for the purpose they are held these are used as working capital. The exception is the Capital Endowment Fund (CEF) which is lent internally or invested in bank deposits to provide an ongoing income stream that is applied in place of rates to fund economic development activities, community events and projects. The projected returns of the CEF in 2022 is \$3.2 million, declining through the LTP period to \$2.5 million p.a.

## **Borrower notes**

Under the terms of its shareholding in the Local Government Funding Agency (LGFA), each time we borrow from LGFA we must invest a portion of the borrowing back into LGFA in the form of Borrower Notes. This ensures the stability of 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. At 30 June 2021 \$35.1 million is expected to be invested with projected returns of \$0.3 million in 2022, increasing through the LTP 2021-31 period to \$0.8 million annually.

## **Community loans**

From time to time we make loans to community groups to enable them to pursue their stated objectives. The return on these loans ranges from interest free through to 2 per cent, depending on when they were granted and the conditions imposed. The total face value of these loans at 1 July 2020 was \$7.3 million.

## **Equity investments**

Our main investment is in Christchurch City Holdings Limited (CCHL) which holds equity investments on behalf of the City to provide dividend returns which we use to reduce the rate requirement and/or reduce debt. The dividend yield on our CCHL investment has averaged 2.2 per cent in the last three years and 2.4 per cent in the last ten years.

We have shareholdings in a further six companies. These are held principally to achieve efficiency and promote community outcomes and wellbeing rather than for a financial return on investment. The risk to us of investing in these companies is low.

Any equity investment carries risk in that the value of the investment and the dividend paid can go down. The COVID-19 lockdown and recession has 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.

To mitigate future risk, we will look to structure the use of dividend income to minimise the impact on our business if dividend income unexpectedly reduces.

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

Company and activity	Council shareholding	Principal reason(s) for investment	Value of investment <sup>6</sup>	Targeted return
<b>Christchurch City Holdings Limited (CCHL)</b> (consolidated) <ul style="list-style-type: none"> <li>• Holding company for our equity investments</li> </ul>	100%	<ul style="list-style-type: none"> <li>• Return on investment</li> </ul>	\$2,133 million	Dividends of \$16.1 - \$64.2 million per annum.  Heavily impacted by COVID-19 in the next two years.
<b>Vbase Limited</b> <ul style="list-style-type: none"> <li>• Venue management and event hosting</li> </ul>	100%	<ul style="list-style-type: none"> <li>• Promote local economic development</li> </ul>	\$178 million	Nil in LTP 2021-31 period
<b>Civic Building Limited</b> <ul style="list-style-type: none"> <li>• Holds our 50 per cent investment in the joint venture that owns the Civic Building offices.</li> </ul>	100%	<ul style="list-style-type: none"> <li>• Strategic property Investment</li> </ul>	\$8 million	Nil in LTP 2021-31 period
<b>ChristchurchNZ Holdings Limited</b> <ul style="list-style-type: none"> <li>• Promotes tourism, major events, city profile and economic development.</li> </ul>	100%	<ul style="list-style-type: none"> <li>• Promote local economic development</li> <li>• Visitor attraction/ destination management</li> </ul>	\$4 million	Nil
<b>Transwaste Canterbury Limited</b> <ul style="list-style-type: none"> <li>• Kate Valley Canterbury regional landfill owner/ operator</li> </ul>	38.9%	<ul style="list-style-type: none"> <li>• Shared service provider (co-owned with all other Canterbury local authorities)</li> </ul>	Circa \$44 million	\$3.3 - \$3.8 million per year
<b>New Zealand Local Government Funding Agency</b> <ul style="list-style-type: none"> <li>• Lends money at sub-market rates to member councils</li> </ul>	8.3%	<ul style="list-style-type: none"> <li>• Access to borrowing at preferential rates</li> <li>• Shared service provider (co-owned with most other NZ local authorities)</li> </ul>	\$7 million	\$65,000 per year
<b>Civic Financial Services Limited</b> <ul style="list-style-type: none"> <li>• Supplies local government with financial services such as superannuation, Kiwisaver</li> </ul>	12.9%	<ul style="list-style-type: none"> <li>• Access to specialised financial services</li> <li>• Shared service provider (co-owned with most other NZ local authorities)</li> </ul>	\$1 million	Nil
<b>Theatre Royal Charitable Foundation</b> <ul style="list-style-type: none"> <li>• Operates the Isaac Theatre Royal facility</li> </ul>		<ul style="list-style-type: none"> <li>• Promote local economic development</li> </ul>	\$1 million	Nil
<b>Endeavour Icap</b>	12.8%	<ul style="list-style-type: none"> <li>• Economic Development</li> </ul>	\$0.2 million	Nil

<sup>6</sup> The value of the investments in CCHL, Vbase Limited, Civic Building Limited and ChristchurchNZ Holdings Limited were assessed by independent valuers, Deloitte as at 30 June 2020.

# Infrastructure Strategy

## Executive summary

This Infrastructure Strategy is our plan for infrastructure investment that will build our resilience and improve community wellbeing over the next 30 years. Looking ahead, we face uncertainties, disruptions must be expected and we need to manage risks responsibly. Our ability to adapt to the impacts of climate change will define our future city and lives.

The Strategy is about these infrastructure assets: water supply, wastewater, surface water and waterways, transportation, resource recovery, facilities, parks and information technology. It identifies the significant infrastructure issues we face, outlines the strategic response and principal ways we will address these, and sets out the major decisions, programmes and projects required to deliver the most likely scenario for infrastructure investment through to 2051 (see Appendix 1 for a summary). It forms part of the Long Term Plan (LTP) 2021-31, along with the Financial Strategy and Activity Plans. They have all been developed during the COVID-19 pandemic and so reflect the pressures on the Council's budgets and need for socio-economic recovery.

The Strategy focuses on how we address six significant issues for infrastructure investment:

1. Looking after what we've got
2. Responding to community needs and expectations, as we grow
3. Adapting to climate change
4. Reducing greenhouse gas emissions
5. Responding to changing regulatory and commercial environments
6. Delivering within financial constraints.

In the early years of the LTP (years 1-3), our progress in addressing these issues will be tempered by our financial position, which is affected by COVID-19, and reflects current investment commitments and priorities. In the context of COVID-19, the size of some work programmes and projects have had to be reduced and/or deferred so that they are affordable and deliverable.

Maintaining a viable infrastructure network is the foremost priority, along with progressing projects already underway or committed to and optimising available external funding. At the same time, we need to do some important policy work, such as confirming our approach to infrastructure provision in areas vulnerable to the impacts of climate change, working alongside vulnerable communities to adapt to natural hazards, finding pathways for reducing our emissions, and defining the future urban form we want for our city.

To guide our investment in and management of infrastructure assets and risks, we need to:

- *Focus on resilience:* Growing a resilient and liveable city, by responding to climate change, reducing emissions and preparing for disruption
- *Focus on condition and performance:* Being careful stewards by investing responsibly in developing and maintaining our city's assets, managing demand through greater use of existing assets, and balancing our community's needs and expectations with what we can afford.

We want to work closely with all our strategic partners – in particular working in partnership with mana whenua to protect land and water, and finding a shared strategic direction for our urban areas through the Greater Christchurch Partnership 2050 work, which will influence our infrastructure planning.



## Purpose and scope

The Infrastructure Strategy is one of several key ‘ingredients’ in the LTP 2021 -31.<sup>1</sup> It has a much longer horizon than the LTP as it describes the significant infrastructure issues for Christchurch over the next 30 years and our principal options for managing these issues, their costs and implications. As required by the Local Government Act 2002 (the LGA), we take into account:

- the need to renew or replace assets
- growth or decline in the demand for services reliant on those assets
- planned increases or decreases in Levels of Service provided through those assets
- the need to maintain or improve public health and environmental outcomes or mitigate adverse effects
- the need to provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and making appropriate financial provision for those risks.

The Strategy provides direction for this planning, as well as for activity planning, capital prioritisation and budgets, but does not replicate the detail in Asset Management Plans.<sup>2</sup> The Strategy frames and guides the approach taken to developing the capital programme and operational decisions about maintenance of assets. It reflects the complexity of our current and emerging environment, is firmly embedded in the context of risk and resilience as a measure for investment, and is mindful of consequential operational expenditure.

This Strategy covers the core infrastructure areas identified in the LGA:

- Water supply
- Sewerage and the treatment and disposal of sewage (termed wastewater in this Strategy)
- Stormwater drainage (termed surface water and waterways in this Strategy)
- Flood protection and control works (termed surface water and waterways in this Strategy)<sup>3</sup>
- Roads and footpaths (all as required by the Local Government Act 2002).

It also covers solid waste and resource recovery, facilities, parks, and information technology (IT) (These areas are included as they are important infrastructure for community wellbeing).

The Council’s critical assets include those associated with water supply and wastewater, flood protection and control, and certain transportation avenues that act as lifeline routes.<sup>4</sup> Assets that support wellbeing and serve to connect our communities, for example parks and facilities, and that enable the Council to connect with its people, are also significant. Our IT assets, for example business-critical software, also provide critical support for the basic services listed above, the provision of which would be compromised if these assets were to fail. Any failure of these assets would cause significant disruption in services, and carry a financial, environmental, and/or social cost, therefore they warrant a higher level of management. Our portfolio of assets is significant and the current replacement value is approximately \$17 billion (see Appendix 3).

<sup>1</sup> The key components documents of the LTP and their inter-relationships are explained in Appendix 8. The process followed in developing the strategy is summarised in Appendix 9.

<sup>2</sup> There are 14 Asset Management Plans encompassing the range of Council assets. They set out what assets the organisation manages and maintains, the cost of doing so, and signals forthcoming capital/operational expenditure.

<sup>3</sup> For the purposes of this Strategy, the water-related infrastructure asset classes are divided into the following three categories: Water supply, Wastewater, and Surface water and waterways. This terminology is consistent with the Council’s Te wai ora o tāne Integrated Water Strategy, adopted in late 2019.

<sup>4</sup> The Council has also identified its ‘strategic assets’ as part of its Significance and Engagement Policy, [ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Policies/Consultation/Significance-and-Engagement-Policy-November-2019.pdf](http://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Policies/Consultation/Significance-and-Engagement-Policy-November-2019.pdf)

# Introduction

## Being ready for the unexpected

In our conversation with the community about the LTP 2031-31 we talked about finding the right game plan for the changing world we live in. This will set us up for the 30-year lifespan of the Infrastructure Strategy, so that we are resilient and ready to deal with disruptions, uncertainty, changing financial contexts. Our ability to adapt to the impacts of climate change will define our future city and communities.

### *Disruptions*

As we have learnt in recent years, we need to be ready for the unexpected disruptions that can throw us off course and put new or changing demands on our infrastructure. Christchurch has been confronted by a number of acute shocks and chronic stresses over the past decade – foremost the 2010-11 Canterbury earthquakes and aftermath, Port Hills fires, flooding, the terror attacks, and loss of secure drinking water status. The COVID-19 pandemic has once again forced us to absorb an enormous shock, and deal with an unprecedented situation with widespread impacts on our economy and wellbeing.

This is the first infrastructure strategy since the earthquakes in which recovery and regeneration momentum are not the primary focus of our asset investment in the future. The earthquakes are still a legacy, but this Strategy's focus is on our resilience - anticipating disruption, managing uncertainty, and adapting to the impacts of climate change.

### *Uncertainties*

Being mindful of risks underpins our decision-making about assets. At this time, however, we need to also consider uncertainty - we don't know the duration and breadth of the social and economic impacts of the COVID-19 pandemic. Based on recovery from earlier economic recessionary times, we can assume that over the medium to longer term, growth will resume at the rate predicted.

In addition to the uncertainty created by the pandemic, the Government's current programme of reforms to the management and delivery of water services to communities is likely to bring significant change to the way in which water-related infrastructure and delivery of services is currently delivered to the city. The full implications of the reforms are still unknown but we will have a better understanding within the next two years. The reforms are further discussed in the chapter on significant issues.

### *Financial constraints*

The Council's strategy for budgeting for the LTP 2021-31 period has been heavily influenced by the need to reflect and respond to the impacts of COVID-19 and consequent financial constraints. We need to make savings, so have prioritised some programmes and projects and deferred others.

Although it is anticipated that we will be able to return to a more sustainable and resilient financial position by the middle of the decade (debt is forecast to peak in 2026 before reducing over time), the requisite financial constraints on spending in the first years of the LTP will clearly temper the pace at which we address some of our infrastructure issues. In particular it will increase the likelihood of reactive operational costs, where pre-emptive renewals and replacements work has not been able to be go ahead.

Delivering infrastructure within financial constraints is one of the six key issues identified in the Strategy. There is further discussion on the impacts and implications of these constraints in the significant issues section.

### *Resilience*

To prepare for these disruptions and uncertainties, our systems, communities and infrastructure need to be display the key characteristics of resilience - reflective, resourceful, robust, redundant, flexible, inclusive and/or integrated.<sup>5</sup>

<sup>5</sup> Resilience characteristics defined by the global Resilient Cities Network (of which we are a member)

As part of preparing the Asset Management Plans and Activity Plans for the LTP 2021-31, we took a close look at how we manage risk by improving and embedding resilience into our infrastructure and services. We need to make sure that the materials we use in our infrastructure are robust and flexible and our public and community spaces and places are designed to be inclusive and integrated, and ensure our assets are fit-for-purpose and designed with an appropriate level of redundancy.

“Developing resilience in the 21<sup>st</sup> century” is the overarching goal of the Council’s Strategic Framework. Increasing our resilience to disruptions is really important to us as a city. We need to strengthen our capacity and systems so that the people living and working here can survive, adapt and thrive, no matter what kinds of shocks and stresses are experienced.

In Christchurch, the sorts of acute or sudden shocks that we need to prepare to cope with include earthquakes, flooding, coastal erosion, storm surge, wind and tsunamis, along with widespread events like the pandemic.

Climate change, availability of affordable, quality housing and the ageing of our population are examples of chronic stresses that can weaken the fabric and functioning of the city day-to-day or in waves. Often it is a combination of shocks and stresses that challenge us individually, as communities, and the systems we have in place. The impacts of COVID-19 are an example of this – the health-focused response of the lockdown and closure of borders created an immediate shock but the ensuing economic and social impacts are ongoing and risk exacerbating existing vulnerabilities of some groups in our community.

## Our current infrastructure and context

### What our community says

Reliability and safety are fundamental expectations the community has of our infrastructure. Communities also expect their neighbourhoods to be liveable, safe and green and have places to relax, play, and engage with others. Our infrastructure needs to be able to meet these expectations, and at the same time recognise we are changing from a suburban to a more urban city. Our citizens know well how important resilient buildings, infrastructure, workplaces, communities, homes and households are to being able to live well and safely, and to respond to and recover from disruptions.

We hear our community’s views on the infrastructure and services provided by the Council through regular phone and point-of-contact surveys. The surveys measure degrees of satisfaction with the Levels of Service we commit to in our LTP. The latest surveys were undertaken in early 2020. The results tell us that, in relation to infrastructure provision and related services, residents are most satisfied with rubbish collection, libraries, recreation, sports, community facilities; arts and events; and are least satisfied with the condition of our roads and footpaths, stormwater drainage, on-street parking facilities, and the quality of water supplies. Residents are moderately satisfied with wastewater collection, treatment and disposal, and the reliability and responsiveness of water services.<sup>6</sup>

These surveys provide a means of engaging the community that informs and influences this Infrastructure Strategy. We will also hear our community’s views on this Strategy, and take these into account, through the public consultation on the LTP.

### How our infrastructure is performing

A summary of the current state of each infrastructure asset portfolio is in Appendix 2. The overall value of the Council’s asset portfolio, broken down by infrastructure area, can be found at Appendix 3. There are some common threads that run through these asset summaries: the continuing legacy of damage caused by the Canterbury earthquakes; a decade of extraordinary, intense rebuild and repair of built and

<sup>6</sup> Christchurch City Council, Summary of point of contact levels of service results 2019- 2020; and Summary of general service satisfaction survey levels of service results 2020, [https://christchurch.infocouncil.biz/Open/2020/05/CNCL\\_20200528\\_AGN\\_4756\\_AT.PDF](https://christchurch.infocouncil.biz/Open/2020/05/CNCL_20200528_AGN_4756_AT.PDF)

<sup>7</sup> 2020 Annual Report was adopted by the Council on 10 December 2020, [ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Plans/Annual-reports/2020-Annual-Report.pdf](https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Plans/Annual-reports/2020-Annual-Report.pdf)

horizontal assets; the compounding impact on some assets' condition from reduced capital and operational expenditure, including the increase in reactive maintenance across key networks (in some cases, accounting for approximately 70% of the maintenance costs); and increasing community and government expectations for asset provision and performance. These issues and their implications are discussed further below.

We measure the performance of our infrastructure and services against targets or Levels of Service (LoS) for each activity type. Performance against the LoS are reported on regularly, and a summary is provided each year as part of the Council's Annual Report. The LoS reflect how we are going in meeting both our community's expectations and asset performance against agreed measures or compliance with national standards.

It is important that we understand and respond to those areas where we are failing to meet our LoS, especially for our critical assets that underpin the provision of core services, and where there is widespread citizens' dissatisfaction.

- The critical area of water supply recorded some failures to reach its LoS targets for the 2019-20 year.<sup>7</sup> Notably, with regard to infrastructure asset planning, the Council failed its target set for *Council water supply networks and operations demonstrate environmental stewardship*, due to a recorded 23% of real water loss from the water supply network. This percentage has steadily increased from 11.7% in 2016 (the target is set at no more than 15%). The proportion of residents' satisfaction with the quality of water (48%) continued to fail the set LoS ( $\geq 70\%$ ) but trended upwards on the previous year (37%), which is likely a reflection of the diminishing level of chlorine in the water supply network.
- The 2020 Annual Report indicates that the Council did not achieve its resident satisfaction targets for road and footpath condition. The average satisfaction level with the condition of our roads continued to be low at 26% (the LoS target is 39%), and satisfaction with footpaths sat at 40% (LoS target is  $\geq 53\%$ ). Safety issues with the transport network are evidenced by the continued failure to meet LoS targets around reducing the number of crashes on the road network (including involving cyclists and pedestrians).

- The community's perceptions about the condition of playgrounds and public conveniences did not meet the targeted LoS (82% achieved, against a target of  $\geq 90\%$ ). Satisfaction with the presentation of community parks has continued to decline in recent years (falling to 57% satisfaction, against a target of  $\geq 75\%$ ), but there is increasing satisfaction with the range and quality of recreation facilities in parks, albeit still falling below the targeted LoS (75% in 2020, against a target of  $\geq 85\%$ , but improving from 63% in 2017).
- Our failure to achieve the LoS for amount of recyclable materials collected for processing at the Materials Recovery Facility (91.07kg per person/year compared to LoS of 104kg per person/year which we have exceeded in recent years) illustrates the impact that a disruption such as the pandemic can have on household habits and consequently on Council activities: processing of recyclable materials had to cease during lockdown and since it recommenced there have been unacceptable levels of contamination in materials collected, and it is taking time for revert to earlier 'good' behaviours, and again reduce the amount of waste having to go to landfill.
- Resident satisfaction with community, sports and recreation facilities, art gallery and museum and libraries is high overall, and despite their hours of opening being reduced due to COVID-10 closures during lockdown, most were on track to achieve related LoS.

## The earthquakes' legacy

The 2010-11 Canterbury earthquakes caused considerable damage to our public infrastructure, including roads, bridges, underground reticulation network, and community facilities. The cost of the earthquake rebuild has been estimated at an additional (to pre-event budgets) \$10 billion expenditure for the Council,<sup>8</sup> including between \$2 billion and \$3.4 billion to repair infrastructure. Additionally, a further \$4 billion earthquake-related capital expenditure is expected over the next 30 years.<sup>9</sup> (The total economic loss and cost of the earthquakes including the Crown, insurers and other parties is estimated at \$40 billion.<sup>10</sup>)

<sup>8</sup> 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>

<sup>9</sup> 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>

<sup>10</sup> The Treasury's advice, reported variously following the earthquakes

Much of the Council's horizontal infrastructure was repaired by the SCIRT alliance (Stronger Christchurch Infrastructure Rebuild Team<sup>11</sup>). 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 now form part of the Council's renewal programme.

As part of the massive recovery programme of repairs and rebuilding, the Council has invested heavily in increasing the resilience of its assets and reducing the risk of future damage from natural disaster events.

- New buildings are constructed to the higher building code (e.g. Tūranga public library's design features have won national and international accolades for their resilience).
- Existing buildings have been strengthened when repaired (e.g. the Christchurch Art Gallery).
- Modern, flexible materials have replaced older brittle materials in underground pipe networks.
- Alternative technologies have been used in underground networks (e.g. new vacuum and pressure sewer system technology for wastewater has replaced the old gravity network in some areas).
- Ground and structural improvements made during repairs to the wastewater treatment plant mean it will have the strength and flexibility to perform better in future events.
- Pipes joining structures have been designed to withstand differential settlement following land movement or liquefaction, and well heads have been raised above ground.
- There has been greater investment in transport infrastructure that provides for more resilient modes, such as cycleways.

## Assessing condition

We use a range of tools to understand the condition of other assets, including the Asset Assessment Intervention Framework (AAIF) for understanding the condition of our underground pipes and the RAM data base to capture data (including about condition), of transportation assets. The most broadly applicable tool is the AAIF: it assists us to better understand asset condition and the risks of failure, which in turn helps determine priority of renewals and replacements' programmes.

### *Asset Assessment Intervention Framework*

For some assets (such as water supply and wastewater), we now have much more accurate condition data than ever before, but in other areas (such as facilities) we still lack the robust information to inform budgets for maintenance and renewals. The AAIF has improved our understanding of the condition and performance of our water supply, wastewater and stormwater pipes. The AAIF uses condition and criticality information to inform the programming of asset renewals within available budgets, and helps us understand and reduce risks of asset failure. It takes into account expected theoretical useful life, actual condition, repair history, rate of deterioration, the risk/impact of failure, and amount of maintenance required to keep the pipe operational – thus helping establish an appropriate renewal year. The AAIF data increases our asset management capability considerably and given that reticulation assets represent approximately 75% of the total water asset portfolio.

Looking ahead, the AAIF could be used as a renewal planning tool for other Council assets, such as water supply pump stations and other asset portfolios. If applied across different asset portfolios it would enable consistent evaluation of high priority projects across assets, which could optimise programme spending. Continued investment in CCTV (closed circuit television) inspections of the wastewater and stormwater network is required to ensure the accuracy of the data collected.

<sup>11</sup> 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.

## Strategic context

### Working in partnership

The Council is committed to working in partnership with Ngāi Tahu. Since 2015, the Te Hononga Council – Papatipu Rūnanga Committee provides a formal relationship (a ‘governing partnership’) between the Council and the six Ngā Papatipu Rūnanga who have takiwā over areas within our district. The standing committee provides a strategic framework to lead the development of an enduring collaborative relationship between elected members of the parties involved.

The mana whenua values of Ngāi Tahu and the Papatipu Rūnanga are an important aspect of our planning for future infrastructure and carry statutory responsibilities, under the LGA and the Resource Management Act 1991, in particular. The Council and Ngā Rūnanga have a common goal of supporting the environmental, social, cultural and economic wellbeing of the district for the benefit of the community. The values and policies of the Mahaanui Iwi Management Plan<sup>12</sup> and other Rūnanga guidance and views will continue to need to be recognised as significant in our infrastructure planning.

In November 2019, Ngāi Tahu released Ngāi Tahu Rangatiratanga (full authority) over Freshwater Strategy<sup>13</sup>, setting out the aspirations for the tribe’s full authority of water across the Ngāi Tahu takiwā. Ngāi Tahu is opposed to Taumata Arowai (the Government water authority and Water Services Bill). If a wider water service provider is established as a result of the water reforms, Ngāi Tahu would prefer one entity to cover the tribal takiwā, with the expectation that Ngāi Tahu would have the opportunity to co-govern at that level, as a reflection of the Treaty partnership.

The Council works closely with our strategic partners in the Greater Christchurch Partnership. The Greater Christchurch 2050 strategic direction being developed by the Partnership is likely to influence our infrastructure planning. We talk about this further below.

At the outset of the Strategy’s development we asked some of our strategic partners/ stakeholders<sup>14</sup> for their views about local infrastructure issues. These covered a range of issues and emphasised the need to adapt to climate change and manage growth sustainably. Their views are summarised in Appendix 10.

<sup>12</sup> Ngāi Tūāhuriri Rūnanga Te Hapū o Ngāti Wheke (Rāpaki) Te Rūnanga o Koukourāta Ōnuku Rūnanga Wairewa Rūnanga Te Taumutu Rūnanga, Iwi Management Plan, 2013, <https://www.mkt.co.nz/wp-content/uploads/2019/08/Full-Plan.pdf>

<sup>13</sup> Te Rūnanga o Ngāi Tahu, Ngāi Tahu Rangatiratanga over Freshwater, November 2019, <https://ngaitahu.iwi.nz/wp-content/uploads/2019/11/Wai-Maori-Strategy-web.pdf>

<sup>14</sup> Problem identification workshops at the outset of the Infrastructure Strategy’s development included external attendees from Canterbury District Health Board, ChristchurchNZ, Citycare, Environment Canterbury, Fulton Hogan, Lyttelton Port Company, Ministry of Education, Waka Kotahi: New Zealand Transport Agency, Orion, Selwyn District Council, Waimakariri District Council, and some individual infrastructure sector experts (apology from Ngāi Tahu invitee); they were joined by a range of Christchurch City Council infrastructure managers and asset experts.

### Strategic alignment

The early analysis that fed into development of the Infrastructure Strategy built in the Council’s Strategic Priorities and Community Outcomes, which are set out in the Council’s overall [Strategic Framework](#). A range of activity or outcome-focused plans and strategies link the high-level Community Outcomes and Strategic Priorities with the Council’s work programmes.

Additionally, the Council endorses strategies or plans developed at a regional level. Some of these provide strong direction for Council infrastructure investment. A list of strategies and plans that are relevant to the Infrastructure Strategy is in Appendix 6. National direction for infrastructure planning and provision also heavily influences our strategic infrastructure planning, in what is a rapidly changing regulatory environment. This is discussed further on in this Strategy, in the significant infrastructure issues section, and in Appendix 7.

### Previous infrastructure strategies

The Infrastructure Strategies in the two previous LTPs largely focused on addressing issues brought about by the earthquakes, along with asset renewals, climate change and affordability.

The Infrastructure Strategy for the LTP 2015-2025 was the first to be written under the newly-introduced legislative requirement to prepare an infrastructure strategy. Priorities focused on repair or replacement of earthquake-damaged assets, renewal of assets as they reached the end of their useful lives, and ensuring replaced and repaired infrastructure was more resilient.

The Infrastructure Strategy for the LTP 2018-28 also focused on post-earthquake recovery and renewing ageing assets. Other priorities included climate change leadership, providing greater resilience in infrastructure assets, managing and building resilience to the impacts natural hazards, and continuing to support regeneration planning and central city regeneration.

## Looking ahead

Christchurch is the largest city in the South Island and the second largest in New Zealand. The district includes the metropolitan area of Christchurch city, Banks Peninsula and surrounding rural areas. In 2019 our population was 385,500 people, and it is expected to grow to 490,000 in the next 30 years.<sup>15</sup> Selwyn and Waimakariri Districts have a combined population of 128,400 (2019), and this is projected to grow to 210,000 over the next 30 years. Around 40% of workers who live in Selwyn and Waimakariri travel to Christchurch city for work.

The Avon Ōtākaro and Heathcote Ōpāwaho Rivers wend their way through the city, meaning that much of the city is built on low-lying land and some areas are vulnerable to flooding and/or coastal hazards. The same is true for some of the urban settlements on Banks Peninsula. In coastal and low-lying inland areas these risks are expected to be exacerbated by the effects of climate change, particularly sea level rise.

Our future will be influenced by global social, demographic, and economic trends, climate change and other environmental shifts, and regulatory changes. This section of the Strategy indicates the changing context in which our infrastructure planning must take place, and assumptions (see Appendices 4 and 5) about our likely trajectory.

### 2050 plan for Greater Christchurch

The Greater Christchurch Partnership<sup>16</sup> has recently been focused on setting a 30-year strategic direction for our urban areas (Christchurch City, Waimakariri and Selwyn districts) – Greater Christchurch 2050. This direction will give us a clear, shared view of our future, and a plan for how we get there that supports the health and wellbeing of people living here, and the environment we live in.

During October and November 2020, the Partnership asked people about their priorities and concerns for Greater Christchurch in 2050. What mattered most to people included:

- having accessible and affordable public transport, walking and cycling, so it's easy to get around

- being able to live, work and invest in a sustainable, green, safe and affordable place
- protecting and respecting nature.

People's concerns for the future included:

- not enough being done to offset the impacts of climate change
- pollution and waste management issues
- worsening traffic congestion
- threats to our natural ecosystems and indigenous biodiversity
- lack of affordable and quality housing options.

Our infrastructure planning needs to take these perspectives into account and we need to make sure we make the necessary investments to support our desired future.

### Climate change and natural hazards

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.<sup>17</sup> This Infrastructure Strategy assumes that climate change impacts will occur in accordance with the Intergovernmental Panel on Climate Change's greenhouse gas representative concentration pathway (RCP) 8.5 scenario.<sup>18</sup> Our response to climate change encompasses adaptation (responding to the impacts on communities and infrastructure), and mitigation (slowing the rate of climate change through measure to reduce emissions).

Different areas of Christchurch and Banks Peninsula will be affected by different hazards that are exacerbated as a result of climate change. Christchurch is recognised as the most exposed large urban area in New Zealand to sea level rise. Across the Canterbury region, according to current projections, a substantial number of settlements and urban communities are at risk in low-lying areas, as well as key infrastructure.<sup>19</sup>

The Council has committed to ambitious targets to reduce the greenhouse gas emissions of the organisation and the city as a whole. This Strategy signals a need for

<sup>15</sup> Updated Statistics New Zealand figures are expected to be released later in 2021, which will inform updated population projections.

<sup>16</sup> Comprises Christchurch city, Waimakariri and Selwyn districts, along with along with Environment Canterbury, Te Rūnanga o Ngāi Tahu, Canterbury District Health Board, Waka Kotahi (New Zealand Transport Agency) and the Department of Prime Minister and Cabinet (Greater Christchurch Group).

<sup>17</sup> Ministry for the Environment, Environment Aotearoa 2019, <https://www.mfe.govt.nz/environment-aotearoa-2019>.

<sup>18</sup> This methodology is accepted by the Council as a key assumption for the Infrastructure Strategy, <https://www.mfe.govt.nz/publications/climate-change/arotakenga-huringa-%C4%81huarangi-framework-national-climate-change-risk>

<sup>19</sup> Tonkin+Taylor, Interim Canterbury Climate Change Risk Screening report, April 2020, <https://www.canterburymayors.org.nz/wp-content/uploads/Attachment-1-Canterbury-climate-change-risk-screening-interim-report.pdf>

action to identify priorities for emissions reduction, and especially how we can reduce the emissions generated by the construction and operation of our infrastructure assets. These issues are further detailed in the significant issues section of this Strategy.

GNS Science assumes that the Alpine Fault has a greater than 30% chance of a magnitude 8.0 earthquake in the next 50 years.<sup>20</sup> The effects on infrastructure across the South Island would likely be significant, albeit the rebuilding of resilient infrastructure in post-earthquake Christchurch means that we are better placed to recover more quickly and could provide leadership in a wider response.

## Global influences

This century has continued to shape Christchurch into a more globally connected city that shares technological, economic, social and cultural opportunities (as well as challenges) with the rest of the world. This affects the way we build and interact with public infrastructure. For example, new global standards and preferences for greener building practices and urban living can reduce waste and impacts on our stormwater and surface water. Emerging transportation alternatives from overseas, such as e-scooters, have begun to affect the way people travel around the city. Our city is dependent on global trade: this dependency carries with it both positive and negative risk. When the Chinese government stopped accepting the world's recyclable plastics, Christchurch was indirectly affected as the value of recovered material dropped significantly across the global recycling market.

Internet and mobile connectivity has been changing the way many businesses operate for several years, and with the COVID-19 pandemic, technology became absolutely essential for working and accessing goods and services. The digital age has meant that people have come to expect the instant access to information and services across a range of sectors, including when interacting with Council infrastructure and services.

## Social and demographic influences

Christchurch's median age is slightly older than the national average, although this

is expected to change significantly in coming decades. The number of residents in Christchurch aged over 65 will nearly double by 2048, with half our projected population growth expected to be in the 75 years and over age group. Over 80% of demand for housing is projected to be in one and two person households and 58,000 people are expected to be living alone in the city around 2050. These changes are likely to see demand shifts for types and locations of housing. Smaller homes will result in changing demands for infrastructure, for example, water infrastructure.

Our city is also becoming more diverse, with the number of residents born overseas increasing. This means that preferences for housing, community facilities and other services are likely to be different from that of today, and reflect the diversity of lifestyle and cultural preferences that enrich our communities.

## Impact of growth on infrastructure

Our infrastructure needs for our current levels of growth are well planned for. Our growth scenario for Greater Christchurch is set out in [Our Space 2018-2048](#). This directs 65% of housing demand be met in Christchurch city, with the remaining 20% in Selwyn and 15% in Waimakariri.<sup>21</sup> Christchurch's housing demand will be met through a balance of greenfield development and redevelopment of existing urban areas, with an increasing reliance on higher densities being achieved around centres and along public transport corridors.<sup>22</sup> Urban growth, form and design are stated as core strategic objectives in our District Plan, recognising the need to provide a well-integrated pattern of development and infrastructure, a consolidated urban form (intensification), and a high quality urban environment to support growth.

The Council is developing the Ōtautahi Christchurch Spatial Plan, which (along with other Council plans, such as Project 8011) will identify areas where intensification (additional redevelopment of housing and businesses, and population growth) can occur and is desirable, to meet medium and high growth scenarios. This is key to ensuring our infrastructure is integrated to support growth. Changes in national direction also set the direction for infrastructure provision. The National Policy Statement on Urban Development (NPS-UD) requires us to enable maximum development capacity within a walkable catchment from the city centre, and six-storey

<sup>20</sup> GNS Science, Alpine Fault, <https://www.gns.cri.nz/Home/Learning/Science-Topics/Earthquakes/Major-Faults-in-New-Zealand/Alpine-Fault>.

<sup>21</sup> Greater Christchurch Partnership, Our Space 2018-2048: Greater Christchurch Settlement Pattern Update, July 2019, <https://greaterchristchurch.org.nz/assets/Documents/greaterchristchurch/Our-Space-final/Our-Space-2018-2048-WEB.pdf>

<sup>22</sup> Greater Christchurch Partnership, Greater Christchurch Housing Capacity Assessment: Reports 1: An Overview of Housing Demand, February 2018, <https://greaterchristchurch.org.nz/assets/Documents/greaterchristchurch/Our-Space-consultation/Greater-Christchurch-Housing-Capacity-Assessment-reports-1-4.pdf>



development within a walkable catchment from any metropolitan centre and any mass transit stop. At this stage it is not known whether additional infrastructure will be required to support additional capacity, and we will therefore need to be flexible and adaptable in response to land use changes.

## Economic challenges

Christchurch serves an important economic role for the country, accounting for about 9% of national Gross Domestic Product (GDP) and acting as the tourism and export hub for the South Island. Over time the city's economy has evolved from being a market town, supporting and processing primary goods, to a more mature urban economy with specialised industries. Population growth from migration has been a key contributor to GDP in recent years.

The COVID-19 pandemic has put significant pressures on some parts of the Christchurch economy, especially those areas focused on tourism (including hospitality, retail and accommodation sectors) and small and medium-sized enterprises. However, the city's strong regional and international connections and export trade through the Lyttelton port and international airport, crown research institutes, manufacturing base and essential service businesses (including primary industries) are helping it withstand the impacts and the city continues to perform relatively well.

The Ōtautahi Christchurch Recovery Plan,<sup>23</sup> led by the Council in partnership with mana whenua and iwi, is driving socio-economic recovery actions with central government and a range of local agencies and community organisations – focussing on both social and economic recovery. Stimulating productive infrastructure that creates jobs, such as fast-tracking 'shovel ready' projects that have gained Government support, is one of nine workstreams identified in the Plan that will impact on longer term infrastructure provision in the city.

## Our significant infrastructure issues

The Infrastructure Strategy must answer the following question: What are the significant infrastructure issues across all Council assets over the next 30 years?<sup>24</sup>

Significance is defined in the Local Government Act 2002. The significant issues in this Infrastructure Strategy are essentially those that rank highly in terms of cost, impact on Levels of Service, risk, correlation to the Council's Strategic Priorities, and community interest. They are:

1. Looking after our assets
2. Responding to community needs and expectations, as we grow
3. Adapting to climate change
4. Reducing greenhouse gas emissions
5. Responding to changing regulatory and commercial environments
6. Delivering within financial constraints.

These issues are not new and most were reflected in the Council's two previous infrastructure strategies in some way. Our city's programme of recovery and regeneration also provides context for these infrastructure issues. However, given the progress made in recent years, legacy issues from the earthquakes now form part of the context for the significant issues, rather than being a stand-alone issue.

### 1. Looking after our assets

*Each one of our assets has a finite lifespan and comes with a lifetime of operational costs set at a specified standard of maintenance. Some of our assets are old and in very poor condition. Continuing to defer both renewals and maintenance to manage budget pressures means that the condition of our assets is deteriorating and it will be increasingly harder to meet levels of service and there will be a greater risk of failure.*

<sup>23</sup> Christchurch City Council, Ōtautahi Christchurch Recovery Plan, December 2020, <https://resilientcitiesnetwork.org/>

<sup>24</sup> SOLGM (2009) Dollars and Sense p.25.

In 2015, the Treasury identified the need for renewal of ageing infrastructure as a serious nationwide issue.<sup>25</sup> The Treasury also acknowledged that one of the biggest challenges facing the sector is trying to understand what the true costs are and when they will be incurred. Deferred renewals for ageing assets was identified as an issue in both our 2015 and 2018 infrastructure strategies. We now have an increasing proportion of deferred renewals.

The continued deferral of renewals has created a bow wave of capital expenditure and increases the risk of failure of poor condition and/or earthquake-prone infrastructure. Deferring renewals also increases operational expenditure as poor condition assets generally require more maintenance to keep them functioning at an acceptable standard until they are renewed. For example, multiple repairs on a poor condition water pipe incur the cost of digging up the pipe to repair it and pose other costs where levels of service, such as interruptions to water supply, are not met. It also increases the risk of contaminating the water supply. Similarly, the increased patching of potholes on degrading, ageing road surfaces is increasing operational costs and impacting on community satisfaction.

These issues are exacerbated as the size of our asset base increases, both through planned construction and vesting of assets by developers and central government. In the case of recreational, sports and library facilities and transport assets, operational and maintenance budgets have not kept up with the programme of new and replaced buildings that has occurred in the last decade following the earthquakes. In some places there is an imbalance between the number, size and standard of community facilities, and usage by the local community. Roads built either as part of greenfield developments, or as former state highways that have devolved to council control, also bring increased operating costs. We also have a legacy backlog of earthquake-related repairs to roads and footpaths that continues to attract public dissatisfaction. An increasing asset base will also create future capital expenditure liability for renewals.

Insufficient whole-of-life costing is another contributor to budget pressures. We do not always ensure that operational costs are fully integrated in funding discussions from the inception of projects and carefully managed over the lifetime of assets. When capital assets are constructed or inherited, operational expenditure is not always obvious or budgeted for. Savings in capital expenditure at design-and-build phase of new infrastructure sometimes come at the expense of whole-of-life operational efficiencies and sustainability of maintaining the assets.

<sup>25</sup> The Treasury (2015) Thirty Year New Zealand Infrastructure Plan 2015 p.16. <https://treasury.govt.nz/publications/infrastructure-plan/thirty-year-new-zealand-infrastructure-plan-2015>

<sup>26</sup> Predicting future growth rates is difficult due to a lack of certainty. Historically, projections are often not realised, and this impacts on our planned infrastructure response to meeting demand for housing and business capacity. This Strategy will therefore need to be adaptable to changing growth projections.

Deferred renewals and maintenance, our increasing asset base, and insufficient whole of life costing are key contributors to this issue. A number of other factors add to the pressure on our expenditure requirements:

- Community expectations regarding a high standard and ready availability of infrastructure (see issue 2).
- Increased exposure to climate change stresses and events, particularly as Christchurch is a low-lying coastal city and at risk of sea level rise impacts through rising ground water, coastal erosion, and coastal inundation (see issue 3).
- New regulatory requirements for certain assets (see issue 5 for a discussion of new requirements for three waters).
- Increasingly, IT assets are cloud-based service contracts, rather than purchased products. The relatively short lifespan (around 5 years) of these cloud-based products means they require regular upgrading/renewal to remain fit for purpose. This makes them particularly vulnerable to decreases in operational funding.
- The difficulty in divesting assets that are no longer required (for example no longer economically viable), but which are interdependent with other assets (for example, roads and water/utility infrastructure).
- The difficulty in coordinating maintenance when interdependent assets are managed and funded in separate parts of the organisation.

## 2. Responding to community needs and expectations, as we grow

*We need to accommodate a growing population and respond to their changing needs and way of life. At the same time, we need to find the balance between managing citizens' demands and high expectations for our services while retaining an affordable level of investment in infrastructure, so that we deliver broad wellbeing benefits to our citizens and businesses.*

Our population is growing, and the needs and expectations of our communities are changing. We need to provide for this growth and meet demand sustainably.<sup>26</sup> Infrastructure has an important role to play in shaping our neighbourhoods and ensuring growth demand is met. We need to plan for an expected population increase, an ageing and increasingly diverse community, and expanded suburban areas; encourage residential intensification; make public and active transport networks

safer, viable and attractive; and reduce growth-associated risks such as contaminants reducing the quality of waterways.

In recent years, there has been particular community dissatisfaction with the condition of our roads and footpaths. Current and historical land use and transport investment decisions encourage high levels of car usage, making sustainable modes less attractive. We need to balance the need to maintain our roads and footpaths to a condition that meets community expectations and addresses safety issues, with investing in public and active transport that will help us to provide for growth sustainably and in a way that helps us to meet our greenhouse gas emissions targets for the city.

Although as part of the rebuild we have been able to improve the amenity of some central city streets, most of our streets are currently designed for cars rather than people, making our city a less attractive place to live in, work and visit. In the last decade we have not achieved a comprehensive approach to street renewal that supports more effective use of street space, particularly in areas identified for medium and high residential development. As we seek to increase residential densities, it is increasingly important we transform our places and neighbourhoods to be resilient to environmental stresses and events, functional, and sustainable.

Another challenge we face in the next 30 years, in light of population growth, is managing the demand for water. At present, the large seasonal variability in demand for water supply means that during winter the capacity of infrastructure is more than sufficient and during particularly warm, dry periods in the summer it cannot keep up with demand, leading to water restrictions. Our infrastructure is generally sized to deliver peak demands, and the Council will thus need to consider ways to manage these demands on our infrastructure, such as volumetric charging and summer water conservation campaigns.

On Banks Peninsula, the Koukourāata and Ōnuku Rūnanga (in particular) have identified a lack of water infrastructure to support papakāinga/kāinga nohoanga development. We have committed to advance outstanding works to escalate repairs to Akaroa wastewater (\$2.8 million) and Duvauchelle wastewater (\$1.8 million) to reduce infiltration and overflows to the environment. We have also committed approximately \$66 million for a new wastewater scheme for Akaroa, where reclaimed water will be irrigated to new areas of native trees. In Duvauchelle, we are also exploring options

to remove the discharge of treated wastewater from the harbour and have budgeted \$12 million for a land-based scheme. We have also committed to further work with the Rūnanga to find infrastructure solutions to support papakāinga/kāinga nohoanga development.

We are finding both increasing number and range of demands for our parks and sports facilities. They are greatly valued by the community but there are high expectations for their standards and level of amenity. At the same time, the community's expectations and preferences regarding the way they use parks are changing. For example, the growth in popularity of sports such as mountain biking, the emergence of new sports, and an increasing environmental awareness are some of the factors driving these changing expectations. Maintaining fit-for-purpose facilities and spaces will require us to respond to these changing demands and adapt where possible.

The way in which we grow is becoming increasingly important. The continuation of current settlement and travel patterns will result in increased travel costs, congestion, reduced accessibility to economic and social opportunities, and increased carbon emissions from transport if communities remain reliant on cars as a primary means of transport. Furthermore, ongoing greenfield development will negatively impact the environment and further deteriorate stormwater quality. Deteriorating stormwater quality and in-stream health is caused by a contaminant load that increases in proportion to development. For example, additional impermeable surfaces increase stormwater flows and channel runoff, which often contains heavy metals, into drains and rivers. Even without added greenfield development, the Council is struggling to meet national standards for stormwater quality (see issue 5).

Our plan is to grow up more, and out less. However, intensification can lead to poor wellbeing outcomes for communities where it is poorly planned and/or the infrastructure is insufficient to support it. We need to provide infrastructure to service growth in a way that promotes high quality urban environments, in order to achieve high liveability and amenity, improve environmental conditions and protect our highly versatile soils for future generations, and reduce the need to travel as people live in greater proximity to the opportunities they seek.

### 3. Adapting to climate change

*Climate change is putting our communities and infrastructure at risk. We need to develop an approach to adaptation that will shape the future of affected communities and guide investment in and provision of infrastructure.*

Climate change is the biggest challenge of our time. It is already affecting our weather, people's health and wellbeing, our natural environment, taonga species, mahinga kai, food production, health, biosecurity, infrastructure, and the economy. It was an emerging issue in our 2015-45 Infrastructure Strategy and had become a significant issue by the time of our 2018-48 Infrastructure Strategy. The scientific evidence that our planet is in crisis is irrefutable and the criticality of this issue for all of New Zealand is clearly outlined in a number of core central government strategic documents.<sup>27</sup> Our Climate Change Survey in 2019 indicated 77% of people surveyed thought that climate change was an extremely important issue. For these reasons, the Council declared a climate and ecological emergency in 2019 and agreed to prioritise 'meeting the challenge of climate change through every means available'.

Climate change threatens critical infrastructure including buildings, roads, and pipes, as well as having major impacts on people and communities. Our immediate major issues are:

- Flooding of coastal and low-lying areas in the east and parts of Banks Peninsula, as well as rising ground water levels. This affects low-lying inland communities as well as coastal communities.
- High temperatures and drought for our living assets
- Increasing demand for water with increasing temperatures
- Landslides and fire in the Port Hills and Banks Peninsula.

From current climate change impact assessments, we can assume the following scenarios will affect our infrastructure this century.

- Sea level rise of 0.3 m by 2050, and 1.0 m by 2115.<sup>28</sup>  
At the 1.0 m increment the Canterbury region has exposed water infrastructure valued at more than \$630 million. This includes 650 km of water pipes and over 120 pump stations.<sup>29</sup>

- Average temperatures will rise from 0.5°C to 1.5°C by 2040, and by 3.0°C in 2090 (relative to 1986-2005 mean baseline).
- Rising groundwater in coastal and low-lying areas and saltwater incursion may accelerate degradation of some types of pipes. Modelling of coastal flooding that includes a one in 100 year storm surge suggests that by 2065, around 300 km of roads could be flooded, and by 2120, the same storm would flood more than 400 km of road.<sup>30</sup>
- Akaroa's potable water is supplied by surface water. With increasing frequency and intensity of drought, and increasing numbers of very hot days, when demand tends to increase significantly, ensuring water supply will become a more serious issue.
- Many species of plants in our parks and streets will become stressed by drought, rising temperatures, and rising groundwater, and there will also be increased fire risk.

Infrastructure has a role to play in managing the increasing risk posed by climate change to people and property. Major capital expenditure could be required to support infrastructure upgrades and/or relocations as part of the adaptation process. We are underway with work to identify and respond to climate change issues at the local and citywide level, and must work with the community closely on this. There are two key components to this programme: identifying exposure of assets to natural hazards resulting from climate change, and the consequence of this exposure; and determining how best to adapt to climate change.

We are partway through a first pass climate change risk screening that covers the built and natural domains. Our first challenge is to complete this work, and identify gaps where we need more work to understand our exposure. A new coastal hazards assessment is likely to be completed by mid-2021. This will be released alongside a decision-making framework for working with communities to identify adaptation pathways, and the funding of these over time, and will initiate a city-wide conversation about the expected impacts of coastal hazards.

<sup>27</sup> Op cit. see footnotes 17-21

<sup>28</sup> NIWA Report 2019339WN, Climate Change Projections for the Canterbury Region, February 2020, Macara, G, Wolley, J-M, Pearse, P, Wadhwa, S, Zammit, C, Sood, A, Stevens, S

<sup>29</sup> LGNZ, Vulnerable: The quantum of local government infrastructure exposed to sea level rise, 2019, <https://www.lgnz.co.nz/our-work/publications/vulnerable-the-quantum-of-local-government-infrastructure-exposed-to-sea-level-rise/>

<sup>30</sup> Tonkin + Taylor, Coastal Hazard Assessment for Christchurch and Banks Peninsula, 2017, <https://www.ccc.govt.nz/assets/Documents/Environment/Land/Costal-Hazards/2017-Coastal-Hazards-Report.pdf>; and NIWA, Coastal Flooding Exposure under future sea-level rise for New Zealand, March 2019, [https://www.deepsouthchallenge.co.nz/sites/default/files/2019-08/2019119WN\\_DEPSI18301\\_Coast\\_Flood\\_Exp\\_under\\_Fut\\_Sealevel\\_rise\\_FINAL%20%281%29\\_0.pdf](https://www.deepsouthchallenge.co.nz/sites/default/files/2019-08/2019119WN_DEPSI18301_Coast_Flood_Exp_under_Fut_Sealevel_rise_FINAL%20%281%29_0.pdf)

We are facing a particular challenge in the lack of a clear direction for making asset renewals decisions to take into account adaptation to the impacts of climate change.

Examples of critical decisions that are required include:

- How to direct spending for major renewals of assets designed to last 100 or more years in areas that will become highly susceptible to coastal hazards well before their end of life.
- How to balance the costs of renewing infrastructure in areas significantly affected by hazards against community expectations of maintained levels of service – and in extreme cases, how to withdraw services where these become unsustainable.
- How to manage just transition issues where levels of service are reduced or infrastructure is withdrawn.
- How to manage sea level rise and increased storm surge risk on our legacy assets, in particular, 15 of the 46 closed landfills that the Council owns are in coastal areas and may need ongoing management to mitigate pollution risk and potential environmental damage.
- Whether to use seawalls and other hard protection, or whether to use other adaptive methods such as natural defences that are more ecologically sensitive.

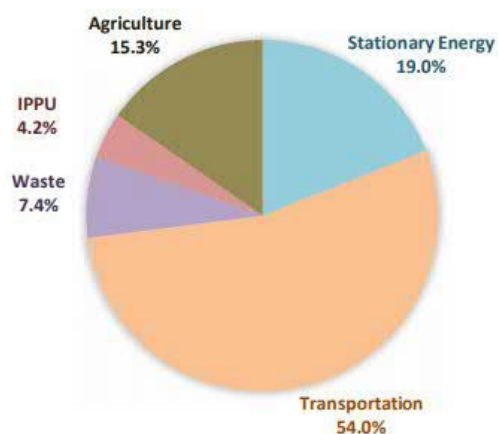
An interim approach to managing asset replacement and renewals is urgently needed to guide decisions and investment, in order to achieve consistency based on the same principles. This work needs to be completed by the Council in good time to inform the 2024-34 LTP. It will inform, and in turn be informed by, the collaborative adaptation planning processes being undertaken as part of the Coastal Hazards Adaptation Planning programme.

Adaptation planning with specific communities that will be affected by the impacts of sea level rise is set to begin in 2021, and will be carried out in tranches over a number of years across the 23 communities that have been identified as having higher levels of exposure. We need to work with communities to understand the impacts and the values the communities place on their assets, and co-create area-specific adaptation pathways.

## 4. Reducing greenhouse gas emissions

*Our infrastructure directly and indirectly generates greenhouse gas emissions. We now need to develop a comprehensive plan to achieve the required emissions' reductions and manage our infrastructure accordingly.*

Climate change is causing the atmosphere to heat, resulting in a long-term rise in our planet's temperature caused by increased concentrations of greenhouse gases in the atmosphere, mainly from human activities such as burning fossil fuels, deforestation and farming. The graph below summarises Christchurch's gross greenhouse gas emissions, by sector, for the financial year 2018/19. In the 2018/19 financial year, we emitted an estimated 2,723,016 gross tonnes of carbon dioxide equivalent (tCO<sub>2</sub>-e) – a gross increase of 2.2% from 2016/17. That equates to 7.1 tCO<sub>2</sub>-e per person. The largest contributor to our city's emissions is transportation, accounting for 54% of Christchurch's greenhouse gas emissions, with on-road transportation producing 36% of total gross emissions. Greenhouse gas emissions related to stationary energy made up the second largest emissions sector of the district (19%).<sup>31</sup>



**Christchurch District's gross GHG emissions, by sector, for the financial year 2018/19**

<sup>31</sup> AECOM, Christchurch Greenhouse Gas Emissions Inventories for Financial Years 2018/19 and 2016/17, October 2020, <https://ccc.govt.nz/assets/Documents/Environment/Climate-Change/AECOM-Christchurch-GHG-Emission-Inventories-for-Financial-Years-201819-and-201617.pdf>

We have set a number of ambitious targets to reduce organisation and district-wide emissions. In 2019 the Council adopted the following targets for Christchurch:

- Net zero greenhouse gas emissions by 2045 (excluding methane), 5 years ahead of the national target
- 50% reduction from 2016-17 baseline levels by 2030 (excluding methane)
- For methane, at least a 25% reduction by 2030 and 50% reduction by 2045 (from baseline year 2016-17)

The Council has also set a target of being net carbon neutral for its own operations by 2030. We are developing a Climate Change Strategy to replace our Climate Smart Strategy 2010. At the same time as the formal consultation on the proposals in the draft LTP, we are asking the community for their views on the proposed strategic direction, goals and climate action programmes. The draft strategy directs us towards four goals:

- Net zero emissions Christchurch
- We understand and are preparing for ongoing impacts of climate change
- We have a just transition to an innovative low-emission economy
- We are guardians of our natural environment and taonga.

We need to develop a comprehensive plan to achieve the required reductions and manage our infrastructure accordingly. In the immediate term, the focus on infrastructure to respond to the recession caused by the COVID-19 pandemic has triggered fears that emissions could be exacerbated. The Climate Change Commission, established in 2019 to guide the Government to carbon neutrality, has expressed concern that the wrong investments will make people and costly infrastructure more exposed to damage from climate change. The Commission urged a climate change lens be applied to the economic response to the pandemic, cautioning against long-term investments that lock New Zealand into a high-emissions development pathway, and encouraging climate-friendly projects that support a low-emissions and climate-resilient economy.<sup>32</sup>

We need to grapple with and resolve similar tensions in terms of the programme of works put forward in the 2021-2024 planning period. We also need to ensure we make the most of opportunities already available within our asset classes to reduce our emissions. For example, opportunities exist with the creation of wetland facilities and forest cover of eroding hill land for stormwater works to absorb carbon and improve

biodiversity (and at the same time assist with recreational and landscape amenity). Diverting more organic waste from landfills can reduce the amount of emissions and leachate from landfills. Moreover, some landfills use the gas to generate energy. For example, landfill gas from the closed Burwood Landfill in Christchurch is used to heat the QEII swimming pool and sports complex (though this is a short-term measure only and is due to run out in the near future).

The focus on mode shift from single occupancy, fossil-fuelled vehicles to active and public transport also offers an opportunity to reduce emissions. Research suggests however, that this will not be sufficient. To reduce transport emissions, a full range of tools needs to be considered. These could include congestion pricing, parking policies, travel demand management and other behavioural change strategies, measures to support the transition to more environmentally-friendly electric vehicles, and a sustainable urban form.

In terms of meeting our organisation's emissions' reduction target, we face decisions about how to manage wastewater treatment, as our wastewater treatment plant accounts for nearly 50% (FY2019/20) of our organisational emissions (although only an estimated 0.4% of Christchurch's overall greenhouse gas emissions). We may be able to reduce the plant's carbon footprint through changes in its operation and construction of new assets. However any such option is likely to be extremely expensive, and we will need to consider whether this money could potentially be better spent in other ways, to reduce more emissions overall.

Finally, our infrastructure is also responsible for large amounts of embedded carbon or emissions (carbon produced in the production of an asset such as concrete, or carbon embedded in an asset such as timber framed buildings), as well as for emissions produced by the energy that our infrastructure uses. At present, there is no clear plan to reduce these emissions in the future, although whole-of-life carbon emissions are considered at the options stage of some large projects. We need to develop a plan, in time to inform the 2024-34 LTP, for how we are going to reduce emissions so that we work towards meeting our emissions reduction targets.

<sup>32</sup> New Zealand Climate Change Commission, Letter to the Government, April 2020, <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Climate-Commission-advice-re-stimulus.pdf>

## 5. Responding to changing regulatory and commercial environments

*Changing regulatory requirements impose new and higher standards on our infrastructure and fluctuating commercial environments remove or alter market opportunities. Higher standards benefit our communities but they also increase costs. Lost market opportunities can increase our costs, reduce our revenue, and adversely impact on our environment.*

Many forms of infrastructure last for generations. Councils aim to think ahead when planning and investing, but it is difficult to predict future regulatory and market changes, and technological advances. Infrastructure tends to be built to present day standards and needs, taking account of affordability. Over time, there has been an increasing emphasis on improving health and safety, which presents a significant opportunity to improve community wellbeing. At the same time, increasing regulatory standards can pose a financial burden on ratepayers, particularly when solutions require fundamental changes to assets.

At present, nowhere is the need to manage a changing regulatory environment more apparent than for Three Waters assets and services, most of which we own and deliver in Christchurch City. The Three Waters Review, commissioned by the Government in mid-2017, identified public health concerns for drinking water, and environmental issues for wastewater and stormwater systems. As a consequence of the review, the Government is introducing a new regulatory regime for Three Waters. In August 2020, the Council agreed to sign a Memorandum of Understanding with central government, committing it to stage one of the Government's water reforms, looking into different ways to deliver water services. Central government proposes to consult on the proposed reforms in 2021.<sup>33</sup>

### Drinking water quality

The Havelock North Drinking Water Inquiry found that there was a risk of contaminants entering bore water through unsecure below-ground well heads.<sup>34</sup> The inquiry led to a much lower tolerance for risk across drinking water suppliers, expert assessors and regulatory agencies, and an immediate tightening of the regulatory environment.

We have strict hygiene procedures in place for the safe operation of our drinking-water supply network, and have traditionally provided untreated drinking water safely and securely to Christchurch, Lyttelton Harbour and Wainui. In December 2017,

however, we lost our bore security status. This was a response to an assessment of the risk of contamination rather than a change in actual water quality. We subsequently commenced a temporary chlorination programme and initiated a \$35 million wellhead improvement programme, with the aim of returning to supplying unchlorinated water. However, the Government's proposed changes to drinking water regulations may mean that we need to permanently chlorinate the water supply.

To date, the Council (with strong community support) has opposed changes to the regulatory policy for drinking water that would require permanent chlorination and, if such a policy is introduced, is likely to seek an exemption. Seeking an exemption, however, will likely require meeting a higher standard for both infrastructure and operational procedures, which will demand more complex and costly security measures to be put in place. A decision on how the Council will continue to operate a safe drinking water supply is signalled as one of the upcoming significant decisions later in this Infrastructure Strategy.

We have undertaken a significant amount of work to address government concerns; however, uncertainty remains about the work still required to obtain an exemption from permanent chlorination. Government concerns about potential contamination risk to Christchurch's drinking water also remain, in particular due to long-term pre-existing factors, such as a backlog of infrastructure renewals resulting in an increase in leaks and service interruptions.

### Wastewater disposal

Targeted regulatory reforms to improve the environmental performance of wastewater systems will include a new national environmental standard for wastewater discharges. The objectives are to stop sewage ending up on beaches, rivers and lakes, as well as to protect freshwater and marine environments. The Christchurch wastewater treatment plant processes the wastewater from all of the city. At the end of the process, the treated wastewater from the maturation ponds is discharged through a long outfall pipe which discharges three kilometres off New Brighton beach. Alternatives to direct discharges to water are possible but may be impractical or unrealistically cost prohibitive.

In 2021, all treated wastewater discharges to Lyttelton Harbour will cease, and the wastewater will be piped to the Christchurch wastewater treatment plant for treatment and disposal. For Akaroa, we have already decided to remove the treated wastewater discharge from Akaroa Harbour and instead use the reclaimed water to irrigate new

<sup>33</sup> [www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/Reform-timeline-December-2020.pdf](http://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/Reform-timeline-December-2020.pdf)

<sup>34</sup> The inquiry followed an outbreak of gastroenteritis in Havelock North in August 2016, where 5,000 people were estimated to have fallen ill and four died as a result.

areas of native trees and public parks, and to flush public toilets. The new scheme will also result in a significant reduction in overflows to Akaroa's beaches. We are also considering options to remove Duvauchelle's treated wastewater discharge from Akaroa Harbour and expect to consult on this in 2021. If this discharge was also removed, there would be no treated wastewater discharges to Akaroa Harbour.

## Stormwater treatment

There is a significant risk that contamination of stormwater and waterways will increase with population growth. The main pollutants are, in order of impact:

- sediment, which smothers habitat and food and is sometimes contaminated (the main sources are construction, land erosion, roads and vehicles, earthquake liquefaction)
- metals, in particular copper and zinc, which have toxic effects on ecosystems and deplete food chains (the main sources are brake pads, tyres and building claddings)
- bacteria affecting human health (the main sources are ducks, dogs and wastewater overflows)
- nutrients, in particular nitrogen and phosphorous, which can have toxic effects (the main sources are leaves and fertilisers).

The new Comprehensive Stormwater Network Discharge Consent has set a requirement for ongoing infrastructure investment over the next 25 years to reduce the stormwater contaminants entering the waterways. This will be difficult to achieve, and relies on retrofitting the older existing urban developments with stormwater treatment at source or in downstream facilities. Developers must meet new subdivision infrastructure requirements; however, the cost of retrofit infrastructure is met by ratepayers.

## Solid waste and resource recovery

We collect and process approximately 35,000 tonnes of recyclables, over 50,000 tonnes of organics, and over 40,000 tonnes of residual waste per annum. Based on government figures, New Zealand's waste generation per capita is likely to increase, unless significant changes are implemented. Our quality of life, both now and in the future, is affected by the way we manage our solid waste and recovery of resources. Cost-effective waste minimisation is necessary for a sustainable and affordable way of life, and to support community wellbeing and environmental outcomes.

The regulatory and commercial environment for solid waste is highly dynamic and is expected to change significantly, both now and in the future. Managing solid waste is not simply an issue for Christchurch; it is a national and global issue. On the regulatory side, we are anticipating higher standards and cost increases. In particular, the Government is proposing to increase the landfill levy from \$10 per tonne to \$50/60 per tonne and apply it to more types of waste. By minimising waste, businesses and households would reduce the impact of the levy increases – but otherwise costs will increase.

On the commercial side, we are experiencing difficulties as global markets for our recycling fall away, in particular the export markets for mixed plastics and paper. We are now unable to sell into some offshore markets because destination countries have changed their policies and have banned imports of plastic and paper or have introduced very strict contamination thresholds. This is a significant change from the stable global recycling markets of the past decade.

We are investing in our organics processing plant so that we can continue to collect and compost organics and increase throughput, and to ensure the plant's operations meet the requirements of the resource consent with regards to discharges to air including odour emissions.

## An uncertain future

The matters above outline changes in the regulatory and commercial environments that we are already aware of. It is much more difficult to anticipate and plan for longer-term changes. However, there is a clear trend in the regulatory environment toward environmentally sustainable infrastructure, as well as infrastructure that attains high health and safety standards, which we need to take account of throughout the term of this strategy.

It could be that, over the 30-year term of this Infrastructure Strategy, councils that own and operate infrastructure that damages the environment will be increasingly penalised. The potential for future carbon charges and other stringent climate change measures following a tangible and significant climate change shock is something we need to be aware of as we make planning and investment decisions that commit us to long-lasting infrastructure. Ideally, our planning and investment need to be sufficiently agile to anticipate and respond to future changes so that we do not increase our dependency on the use of assets that are likely to come under increasing scrutiny.



## 6. Delivering within financial constraints

*We have to cut our budgets for investing in infrastructure because of the effects of the economic recession. We need to keep our work programme affordable and deliverable, especially over the first three to five years of the LTP 2021-31. This means less work than preferred is able to be undertaken on maintaining, renewing and replacing our assets, and slows down our progress in addressing some of our significant issues.*

The Infrastructure Strategy looks ahead at least 30 years to the investment decisions, programmes of work and projects required to deliver agreed levels of service and activities, and support community wellbeing. Although its focus is on the ‘long game’, it is also strongly influenced by short-term shocks and changes to the Council and community’s financial position, and by the regional, national and international economic situation.

COVID-19 has had a major impact on the Council’s finances and citizens. Like many households, we need to make savings to our day-to-day spending on operating and maintaining our services and infrastructure. The impacts will continue to unfold in the months and years ahead. The Council’s reduced income from dividends paid by its holding companies, lost revenue from fees and charges from our services and facilities, and resultant increased borrowing mean that investment in infrastructure is severely constrained in the short to medium term.

The Financial Strategy highlights the importance of finding an acceptable balance in our fiscal direction. It notes that on one hand we need to provide reliable, quality infrastructure and services that support the city’s growth and address financial constraints brought by COVID-19, and on the other hand, we need to keep rates, fees and charges affordable, provide value for money, reduce debt over time and build our financial resilience. Trade-offs and reprioritisation have been required.

Three of the six key issues that the Financial Strategy identifies for the LTP 2021-31 are especially pertinent to the strategic focus of infrastructure investment:

- Planning for the financial requirements to adapt to the impacts of climate change.
- Building and maintaining reliable and resilient infrastructure networks and community facilities that promote community wellbeing.
- Completing the replacement of core community facilities following the 2010-11 earthquakes, including the Metro Sports Facility and the Canterbury Multi-Use Arena.

The other key financial issues that underpin the Financial Strategy, and also influence infrastructure decision-making, are delivering rates affordability and sustainability and value for money services, exercising prudent financial stewardship and building long term financial resilience through reducing debt over time.

For the first three years of the LTP 2021-31, and the start of this Strategy’s span, capital and operational expenditure has been prioritised to maintain existing services and assets and to optimise available Government stimulus funding. This has required some trade-offs in making investment decisions that are affordable in the short term but do not compromise an acceptable level of risk to asset condition. At the same time, we need to look ahead and plan for additional financial requirements for infrastructure costs of adapting to and mitigating the impacts of climate change. Though some measures will be able to be achieved by doing things differently and utilising existing budgets, it is likely that additional funding will be required for some responses, which require further investigation and development in the next three years.

## A strategic response to managing our assets

This section describes our preferred option for managing our significant issues, which ensures a strategic response is taken to managing our assets over 30 years.

We reached our preferred option by considering our Strategic Framework, including our Community Outcomes and Strategic Priorities, plus various infrastructure-related strategies. We followed direction from elected members and the parameters set in the Financial Strategy, and used evidence-based analysis of asset condition and performance. This option will progress us towards our community's aspirations over the next 30 years.

We started out developing this Strategy looking at options that centred on strong responses to address climate change, adaptation, water quality, and the condition of our roads, and ready our assets for future shocks and stresses. However, COVID-19 has meant our strategic response has had to be adjusted, and our options have been reduced, by the restricted environment.

Despite this our focus is still on the long term, and the priorities and issues remain the same.

### Over 30 years

We will address our significant issues and manage our infrastructure assets over the next 30 years, by concentrating on these two focus areas:

- Growing a resilient and liveable city, by responding to climate change, reducing emissions and preparing for disruption.
- Being careful stewards by investing responsibly in developing and maintaining our city's assets, managing demand through greater use of existing assets, and balancing our community's needs and expectations with what we can afford.

Each focus area includes the principal approaches we must take to deciding how to manage our assets, prioritise investment and deliver programmes and projects. These decisions will be the basis of the Council's most likely scenario for the management of its infrastructure over the 30 years of this Strategy.

### Focus on resilience

Growing a resilient and liveable city, by responding to climate change, reducing emissions and preparing for disruption, by making sure that we:

- Improve understanding and reduce the risks posed to our infrastructure and environment by climate change and natural hazards, so that decision-making is evidence-based and focusses on increased resilience.
- Develop and implement ways to reduce our greenhouse gas emissions, so that we can meet our committed targets.
- Improve our active and public transport infrastructure so that there is increased safety, satisfaction and uptake of these sustainable modes.
- Be adaptive and innovative in finding sustainable solutions for resource recovery, and in the fuel sources we create and use, so that we can reuse and recycle more, optimise circular economy opportunities and reduce our waste to landfill.
- Ensure our drinking water supply is safe and meets national standards, and that our infrastructure is adequately maintained.
- Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.

### Focus on condition and performance

Being careful stewards by investing responsibly in developing and maintaining our city's assets, managing demand through greater use of existing assets, and balancing our community's needs and expectations with what we can afford, making sure that we:

- Ensure there is sufficient investment each year in renewing, maintaining and replacing our assets, so that we manage the compounding risks associated with our ageing and deteriorating assets; and be prepared to repurpose, rationalise or dispose of assets where necessary.
- Improve knowledge of asset condition and maintenance requirements, whole-of-life costs and risks associated with asset deterioration so that work programming is timely, ensures risk is managed to acceptable levels and enables us to meet agreed levels of service.
- Employ technology to enable a smart city and an efficient organisation, so that our services can be delivered securely, cost-effectively, and to suit contemporary lifestyle preferences and needs.
- Investigate and implement mechanisms to manage the demand for assets and services, so that we can encourage more efficient use of them while retaining equitable access.

## 2051 horizon

The implications of delivering the most likely scenario are that, by 2051, people in Christchurch can:

- ✓ Be proud of living in a city that - with residents - has responded to the challenge of climate change by adaptation of infrastructure and local communities.
- ✓ Choose to live in an intensified central city or suburban hubs, with attractive and convenient amenities that encourage a healthy lifestyle and wellbeing.
- ✓ Live safely in a city where resilient infrastructure can be expected to withstand the effects of a rupture on the Alpine Fault of magnitude 8.0 and other comparable natural disaster events.
- ✓ Adopt a lifestyle that generates low or zero greenhouse gas emissions and where waste materials are dealt with in sustainable ways.
- ✓ Be assured that the city's water supply meets national standards for delivery, and that wastewater and stormwater management has a positive impact on the environment.
- ✓ Be confident that infrastructure is managed efficiently and invested in responsibly, and the costs are affordable and sustainable.
- ✓ Be satisfied that the city's infrastructure performs to agreed levels of service, is well-maintained, enhances community wellbeing, and minimises risks to health, environment and safety.

### In the short-term

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

- financial constraints that the Council faces in light of the impacts of the COVID-19 pandemic
- taking advantage of funding opportunities presented by Government stimulus programmes to fast-track infrastructure work that generates or retains jobs ("shovel ready" projects)
- the commitment to undertake renewals and maintenance work on the water supply network, as part of the Government's first tranche of water services' reforms
- balancing what is affordable in the short term with avoiding unacceptable risk to the condition of our assets – in particular our drinking water assets.

As a result of the COVID-19 pandemic, the Government introduced incentives to stimulate local economic recovery and jobs by speeding up 'shovel ready' infrastructure projects around New Zealand. The acceleration of these 'shovel ready' capital projects means delivery of some Council projects has been brought forward in timing, for example one of the major cycleways routes.

The Council was also able to take advantage of the Government's funding package to local authorities to provide immediate post-COVID-19 stimulus to maintain three waters infrastructure and to support reform of proposed local government water services delivery arrangements.

### Policy and planning work required

Important policy and investigative work on infrastructure issues needs to happen over the next three years, to inform the next iteration of the Infrastructure Strategy and decisions that the Council needs to make for our longer-term wellbeing. Broadly this work relates to the following:

Climate change:	Outlining the options for infrastructure provision in areas vulnerable to impacts of climate change including sea level rise, alongside working with impacted communities to adapt to natural hazards
Greenhouse gas:	Identifying effective pathways across all of our activities for reducing emissions, and where we need to focus our efforts effectively to meet the Council's committed targets emissions' reductions as well as any future national requirements
Decarbonisation:	Finding design solutions and materials to reduce the carbon emissions from building and operating our infrastructure assets
Spatial planning:	Defining the future urban form we want for our city and integrating it with our transport system
Heritage buildings:	Finding ways to protect and restore significant heritage buildings that require major restoration following the earthquakes.

These priority areas for investigation and development of policy approaches are described more fully below.

## Putting climate change at the centre of our strategic response

While looking after our assets is our priority in the short term, we must not lose sight of the challenges we are facing as a result of climate change.

Climate change is already affecting where we live, the way we live and our environment. We need to better understand what the impacts will be on our city's infrastructure in the years ahead. During the early years of this Infrastructure Strategy we need to work alongside local communities who will be particularly affected by climate change and natural hazards to find the pathways to adapt to the likely effects. We also need to further understand how our infrastructure planning can contribute to meeting our ambitious greenhouse gas emissions targets for our district, and identify actions to enable this.

## Policy direction for adaptation

Until adaptation measures and tools are in place, an interim approach to managing asset replacement and renewals is urgently needed to guide decisions and investment. This work needs to be completed by the Council in good time to inform the 2024-34 LTP, and is part of a workstream identified in the draft Climate Change Strategy, to identify the triggers and thresholds that indicate how our exposure and vulnerability to the impacts of climate change is evolving, and where adaptation steps need to be set in place.

## Decarbonising our infrastructure and reducing emissions

Our infrastructure emits greenhouse gases, in both its construction and operation. It is important to take a whole-of-life approach to infrastructure and built environment emissions, because the form and function created dictates operational and maintenance requirements, and associated emissions. New infrastructure needs to be as efficient and sustainable as possible, using low-energy solutions, and be designed to minimise the amount of 'embodied carbon' in the materials used. This can be achieved, for example, through minimising the use of concrete, steel, and fossil fuels over the whole life of infrastructure assets, optimising the energy efficiency of buildings, and improving waste management with increased circularity of resources.

The Council's Resource Efficiency and Greenhouse Gas Emission policy aims to increase resource efficiency and reduce greenhouse gas emissions. A number of Energy Management Plans sit under the policy, according to asset and activity area. Examples of relevant projects include the water supply pump station energy efficiency investigation and optimisation programme, and the LED conversion of street lights (which will amount to an estimated reduction in greenhouse gas emissions of 1,463

tonnes per annum and is due to be completed by June 2021). LED (light-emitting diode lights) conversions are also happening at community and other Council facilities.

The Government announced in July 2020 that the standards for new buildings are expected to rise. The 'Building for Climate Change' work programme will focus on new buildings initially, with a primary focus on the operational efficiency of buildings (using less energy and water, improving air quality and temperature) and reducing the amount of greenhouse gas emissions from building.

We also need to continue to utilise 'blue-green infrastructure solutions' within infrastructure renewals and replacements. Incorporating 'blue-green infrastructure' (such as swales, rain gardens, sand dunes, street trees, natural waterways, plants, stormwater retention basins) is a means of reducing our infrastructure's carbon footprint, and preparing for future conditions. Developing a network of 'blue-green infrastructure' across the city will help us to better manage flooding, storm surges, and erosion along our coasts and hillsides, and clean our rivers and air.

## Integrated spatial planning

Emissions' reductions of the scale needed to achieve our community, Council, and Government emissions reduction targets will require radical action, which must be supported by the way we plan our infrastructure activities and use our assets – particularly the integration of land use with the transport system. Current and historic land use and transport investment decisions encourage high levels of car usage, resulting in increasing congestion, rising emissions, reduced amenity, safety risks and poor health outcomes for local communities.

Our infrastructure must influence urban form by being well-aligned, prioritised and focused on those areas where the greatest growth and transformation is signalled, and also those areas that have relatively poor access and amenity. Our Spatial Plan (underway) will identify intensification opportunities and capacity along existing key public transport corridors, and potential future mass transit corridors. Focussing intensification along corridors provides opportunities for transport that use space efficiently, such as cycling and public transport, and connect key origins and destinations. (This work is based on a medium growth scenario for Christchurch; if population growth is greater than projected (i.e. a high growth scenario) then more work will need to be done to ascertain the impact of this on our infrastructure.)

This planning work aims to enable an increased number of households and jobs to be focused within 800 metres of high frequency public transport. This will aid a mode shift to public and active transport for households along the corridors, as more people will

have the opportunity to access key economic and social opportunities without the need to drive, thereby reducing carbon emissions.

The Spatial Plan will also include actions needed to support such development, including to:

- make streets places that support intensification (improving walkability and increasing connections to improve liveability across the city)
- increase tree cover and water-sensitive design solutions to offset greenhouse gas emissions, improve water quality, and increase neighbourhood amenity
- create a stronger city and neighbourhood identity
- prioritise areas facing the greatest need and opportunity for transformation.

### Christchurch Transport Plan and liveable streets

The draft Christchurch Transport Plan is being developed and will need to identify bold actions we need to take to achieve our climate change goals. The Plan recognises the crucial role of our streets when we plan for our city, and encourages more people to use active and public transport. It will also need to support the Spatial Plan's focus on specific areas of intensification, and identifies transport goals to help achieve the vision by connecting communities and creating opportunities for people and businesses.

The concept of liveable streets (signalled in both the Spatial Plan and the draft Christchurch Transport Plan) has the potential to transform our street networks to support current and future growth. A liveable streets programme will serve as a tool for prioritising street improvements that are needed to support place and growth outcomes, by improving conditions for walking and cycling, and reducing traffic dominance. It is important that liveable streets becomes an integral part of infrastructure and future land use planning policy.

### Aligning actions with our partners

The Government's focus on urban growth partnerships creates an enabling context for the alignment of land use and infrastructure planning (and housing). The partnerships create opportunities for greater integration and coordination between central and local government and mana whenua to deliver joint spatial plans and work programmes.

The Greater Christchurch Partnership is currently developing an overarching strategic framework and a vision and a Plan for the greater Christchurch communities. This will influence and be influenced by the land use and infrastructure planning for Christchurch city.

### Protecting heritage buildings

The Council has a civic role to contribute to the protection and maintenance of significant heritage and public infrastructure of the city, including both assets we own and some whose care is entrusted to other entities (e.g. in trusts and through VBase, a Council-controlled organisation). We deliver this role in diverse ways, such as through heritage grants, partnership support, expert advice, district planning provisions and collection of historic records and images. We also support heritage and civic infrastructure through capital grants towards important asset maintenance or redevelopment projects. The draft LTP 2021-31 proposes capital grants towards notable civic amenities such as the Canterbury Museum (\$23.7 million grant towards redevelopment), The Arts Centre (\$5.5 million capital grant) and some smaller grants for other non-Council owned public amenities, and proposes using a targeted rate to fund this support.

In the early years of this Infrastructure Strategy, the Council is likely to consider decisions relating to the restoration and future of the Canterbury Provincial Chambers and whether to proceed with base isolation and future use of the Robert McDougall Art Gallery. However, the nature and timing of such decisions is complex and still uncertain and requires further investigations.

# Our scenario for investment over 30 years

## Most likely scenario

Over the next 30 years, the most likely scenario for our infrastructure is driven by the need to be able to deal with further disruptions and absorb shocks – whether they be natural events, financial pressures, societal changes or environmental challenges. We need infrastructure that can help us address our significant issues, such as adapting to the impacts of climate change, reducing emissions, meeting community expectations and needs, and balancing what we can afford with what we can deliver.

Years 1 to 10 of the most likely scenario comprise infrastructure programmes/projects that form part of the LTP 2021-31; for the years 11 to 30, the scenario comprises programmes/projects that are detailed in respective Asset Management Plans. Projected capital and operational spending aligns with the assumptions and prudent financial view of expected revenue and expenditure that underpin the Financial Strategy in the LTP 2021-31.

## Basis of the scenario

Our two focus areas, set out earlier in our strategic response, will lead the way in how we address the significant infrastructure issues we face. Our most likely scenario is also based on assumptions (see Appendix 4 - overarching assumptions and Appendix 5 – asset life cycle assumptions) that are reflected throughout this Strategy about:

- Christchurch over the next 30 years
- Expected growth or decline in the demand for services
- Lifecycle of our assets, and impacts of this on assessment of asset condition and planning for renewals
- Requirements for renewal and replacement of assets to maintain them to a standard that meets committed Levels of Service
- Costs of providing this infrastructure and the Council's finances over the 30 years.

The scenario draws on the Asset Management Plans developed for each infrastructure area and the Activity Plans that describe the activities we provide, and the levels of service for them. See Appendix 1 for a summary of the Infrastructure Strategy – the significant issues, the approaches and principal options for addressing them - resulting in the most likely scenario for investment, and what we can expect to see by 2051.

<sup>35</sup> This includes funding for the delivery of the Canterbury Multi-Use Arena (opening 2024) and the Metro Sports Facility (opening 2022), both co-funded by the Government. Without these projects, the core annual capital expenditure programme in today's dollars is \$400-443 million over the first 3 years, rising to an average of \$457 million per year after that (as per the draft Financial Strategy, LTP 2021-31).

<sup>36</sup> Notes: An increase in Levels of Service for the condition of roads and footpaths is proposed in the LTP 2021-31 (rate of roading renewals increasing from 2% sealed local road resurfaced per year progressing to 6% by year 10, which is expected to result in an improvement to roadway condition and reduced roughness, and increased resident satisfaction). The opening of new community facilities in upcoming years (e.g. Hornby library, customer services, and rec and sport centre, and Te Pou Toetoe) are accounted for in relevant existing Levels of Service.

## Looking at the scenario across all assets

In total, the most likely scenario requires a forecast investment of \$19 billion in capital and operational expenditure (inflation adjusted) over the next 30 years. This is broken down into periods of forecast budgeted expenditure, in detail for years 1-10 and indicatively for years 11-30 of the Infrastructure Strategy.

The most likely scenario's budgeted figures for years 1-10 align with those agreed to in the LTP. These budgets aim to strike a balance between providing reliable infrastructure networks, facilities and services, addressing the financial impacts of COVID-19, and ensuring our infrastructure supports the growth of the city, while also maintaining financial prudence, building long term financial resilience, keeping rates and fees and charges affordable, and providing value for money for our community.

Forecast expenditure for the first ten years of the capital programme is between \$584 and \$669 million per year for the first three years<sup>35</sup>, decreasing to between \$533 and \$546 million per year in years 4-10. The total capital programme includes infrastructure, as well as non-infrastructure programmes for community facilities and internal services such as IT, vehicle fleet and corporate accommodation. It provides for the renewal of existing assets, enables us to meet Levels of Service,<sup>36</sup> and includes additional capacity to meet demand growth.

Indicative estimates for years 11-30 of the most likely scenario are based on the forecasts set out in the Asset Management Plans. These take into account asset condition and lifecycle projections, and projects and programmes that have been deferred from the first ten years of the LTP, or have been significantly reduced, which nonetheless must be completed. These estimates are likely to change over the life of the LTP due to a number of factors:

- Changes in assumed growth rates
- Unanticipated changes to standards and compliance requirements
- New models of funding and delivery
- Greater certainty regarding projects and programmes and their timing
- Affordability and deliverability considerations

Operational expenditure figures for the most likely scenario's years 11-30 are extrapolated from the LTP figures, based on inflation and estimated growth factors; they include only the direct maintenance costs associated with the management of the relevant assets. The Council has identified savings of \$34 million in total operational expenditure for 2021/22, on top of the reduction of \$18 million for 2020/21.

This expenditure has been reprioritised over the long term to accommodate the loss of revenue from CCHL dividends in the first two years of the LTP, and new operational expenditure primarily generated by the new Metro Sports Facility and the Canterbury Multi-Use Arena following their completion. Once running, these facilities will require relatively significant operating expenditure, which needs to be integrated into the Council's annual budgets.

## Significant decisions

### Decisions to future proof our city

The following significant capital expenditure decisions will be required over the life of the Infrastructure Strategy. They reflect the two focus areas of the strategic response:

- Growing a resilient and liveable city, by responding to climate change, reducing emissions and preparing for disruption and
- Being careful stewards by investing responsibly in developing and maintaining our city's assets, managing demand through greater use of existing assets, and balancing our community's needs and expectations with what we can afford.

### Focus on resilience

To grow the resilient and liveable city that we want, significant decisions will be required as to how we move towards our greenhouse gas emissions reduction targets, adapt to the impacts of climate change, and make sure our infrastructure processes and systems can cope with future disruptions and shocks. Such decisions include how we treat, recover or remediate solid waste; manage the treatment of wastewater; the location and nature of mass rapid transit; and the phasing and timing of infrastructure works to fulfil the regeneration plan for the Ōtākaro Avon River Corridor. We need to do more in the immediate years ahead to develop our understanding of how we will make future decisions about the infrastructure we own and maintain in areas that are vulnerable to climate change.

### Focus on condition and performance

Following the Canterbury earthquakes the Council faced an enormous repair and rebuild programme of above and below-ground assets. Our focus for the future now shifts to investing in looking after these assets. Getting the balance right between the level of funding and timing of renewals with what is affordable and deliverable, and meets community needs and expectations, is fundamental to our strategic focus of looking after our assets responsibly.

Funding decisions about the ongoing renewal of existing infrastructure assets, such as three waters, roads and footpaths and facilities, are usually made as part of broad programmes of work adopted through the 10-year capital programme in the LTP. However, there are significant asset-specific decisions required that will direct our stewardship of assets. Foremost will be the decision about the ownership and delivery of water services, prompted by the Government's current sector reforms. We will also need to make significant decisions about how we will manage the restoration and future of some important heritage assets.

## Significant decisions for capital expenditure

<i>Drinking water safety</i>	
The Council will need to make decisions about how its drinking water services can meet newly-introduced national drinking water safety standards, which are likely to have a higher threshold for compliance.	
Principal options including approximate scale/extent of costs	Timing of decision
<ol style="list-style-type: none"> <li>1. Permanent residual disinfection of the water supply (i.e. chlorination) for Christchurch, Lyttelton Harbour, and Wainui (\$30 million for installation of permanent dosing system)</li> <li>2. Upgrade the infrastructure to obtain an exemption from residual disinfection (approximate costings for this fall within the range of \$343 - \$363 million capital expenditure)<sup>37</sup></li> </ol>	2021-22, dependent on timing of Water Services Bill
<i>Mass Rapid Transit</i>	
The Greater Christchurch partners are planning for the area's future growth, land use and ongoing development and improvements of the public transport network ("PT Futures"). As part of this, the Council needs to decide whether or not to approve a business case recommending preferred corridors for the provision of mass [rapid] transit (MRT). A number of associated decisions will subsequently be required to then progress the development of MRT.	
Principal options including approximate scale/extent of costs	Timing of decision
<ol style="list-style-type: none"> <li>1. Approve the business case's recommendations for MRT corridor(s). Costs would be presented as part of the business case proposal.</li> <li>2. Do not approve the recommendations.</li> <li>3. Request alternative options to address transport and growth needs.</li> </ol>	2022
<i>Duvauchelle wastewater</i>	
We need to decide on a preferred option for the removal of the discharge of Duvauchelle's treated wastewater to Akaroa Harbour. The discharge consent expires in 2023 and the Council is considering alternatives as part of the resource consent process. The Council expects to consult the community on options for disposing/reusing the treated wastewater in late 2021.	
Principal options including approximate scale/extent of costs	Timing of decision
<ol style="list-style-type: none"> <li>1. Use treated wastewater to irrigate land, which could include native trees (costs are dependent on various site options still being explored)</li> <li>2. Harbour outfall (status quo), including upgrade to the wastewater treatment plant (\$5 million)</li> </ol>	2022-23

<sup>37</sup> Costs estimated in report to Council, 13 June 2019, [https://christchurch.infocouncil.biz/Open/2019/06/CNCL\\_20190613\\_AGN\\_3371\\_AT\\_SUP.htm](https://christchurch.infocouncil.biz/Open/2019/06/CNCL_20190613_AGN_3371_AT_SUP.htm)



### ***Water supply and wastewater disposal on Banks Peninsula***

We need to decide if and how we provide water supply and wastewater services to small communities on Banks Peninsula, where currently there is a range of private or community-run systems in place. We need to take into account public health considerations and environmental constraints and mana whenua values. We are likely to make case-by-case decisions based on a needs assessment that we will be undertaking in 2021.

<b>Principal options including approximate scale/extent of costs</b>	<b>Timing of decision</b>
<ol style="list-style-type: none"> <li>1. Provide water supply services to some or all small communities (\$2 million for provision of water supply to each community)</li> <li>2. Provide wastewater services to some or all small communities (Costly and dependent on preferred wastewater treatment option decided)</li> <li>3. Do not provide any additional services</li> </ol>	Various, over LTP and later years

### ***Implementation of the Ōtākaro Avon River Corridor Regeneration Plan***

The Council has commenced implementing the Ōtākaro Avon River Corridor Regeneration Plan. The Regeneration Plan signals overall investment of between \$1.2 billion, for network infrastructure and development of the Green Spine over 30 years. As part of the 2021 draft LTP, the Council has allocated \$316 million of capital development funding across Parks, Transport and Three Waters (as per the draft Financial Strategy LTP 2021-31). This will contribute to the necessary infrastructure being in place to enable the activities and land uses anticipated in the Plan and by the community. Fully implementing the Regeneration Plan is a long-term commitment, with the Council focussing on land transfer, partnership-building, option identification and planning over the next three years.

The Council, in partnership with Ngāi Tūāhuriri, is investigating and developing options for a new community co-governance model to guide the long-term use of the land. Decisions are required on this co-governance arrangement's exact nature, including who will be responsible for making decisions about the area's future use.

*The options for co-governance arrangements are still being considered, but will be founded on our stated commitment to partnership and community leadership.*

### ***Waste to energy***

The Council needs to make decisions about the ways and extent to which it wants to invest in **waste to energy** solutions, which could include potential alternatives to landfill and processing of organic material. There are two important upcoming decisions:

- Addition of anaerobic digestion to the process of composting organic material at the Organics Processing Plant, which will increase its capacity and enable generation of alternative energy sources to power Council facilities (methane).
- Increasing the production of biogas fuel and/or building a solar electricity generation plant at the wastewater treatment plant, which will also enable generation of alternative energy sources to power Council facilities.

<b>Principal options including approximate scale/extent of costs</b>	<b>Timing of decision</b>
<ol style="list-style-type: none"> <li>1. Add anaerobic digestion to the front end of the composting process at the Organics Processing Plant (\$15 million)</li> <li>2. Install solar panel array and/or increase biogas production/anaerobic digestion at the wastewater treatment plant (solar – 10MW solution at \$12 million; biogas - \$30 million to re-purpose assets)</li> <li>3. (And/or) look for other alternatives for waste to energy</li> </ol>	2025-2026

**Additional public transfer station**

Depending on the pace of population growth and demand for facilities to receive solid waste, the Council will need to decide if a fourth public transfer station is required.

<b>Principal options including approximate scale/extent of costs</b>	<b>Timing of decision</b>
<ol style="list-style-type: none"><li>1. Proceed (\$15 million)</li><li>2. Do not proceed</li></ol>	By 2030-35

**Treatment of closed landfill sites**

The Council needs to decide how it will approach the remediation of closed landfill sites, particularly the 15 (out of 50 sites owned by the Council, and a total of 130 including those on private land) that are in vulnerable low-lying areas and exposed to the impacts of climate change.

<b>Principal options including approximate scale/extent of costs</b>	<b>Timing of decision</b>
<ol style="list-style-type: none"><li>1. Maintain and monitor landfill aftercare programme for closed sites, identify emerging risks and respond to these on a case-by-case basis (\$0.5 million per year)</li><li>2. Address the problem proactively by remediating vulnerable sites (approximately \$2 million per year, plus additional funding to further reduce risk as required)</li></ol>	Ongoing

## Programmes, projects and expenditure for each asset area

### Water supply

#### Key programmes and projects

The Council supplies potable (drinkable) water to approximately 160,000 residential and business customer connections, through seven urban water supply schemes and six rural water supply schemes. Water supply is provided via 1,700 km each of mains and sub-mains, 108 reservoirs, 127 pump stations, 172 wells, seven stream intakes, and seven water treatment plants.

A key programme for the water supply asset area for at least the next ten years will be to focus on improving and maintaining key infrastructure, such as the reticulation network, in order to meet the increasing national standards for water safety. The Council has committed to an additional \$200 million over the next ten years, to invest in water supply assets and avoid further deterioration of the network (and some additional funding over the period for the wastewater network too). We will also be focused on exploring how we can more efficiently manage demand for drinking water, including through mechanisms such as volumetric charging. A 'smart' water supply network will also enable the Council to better manage demand and improve the network's operation through smart monitoring technologies.

Improvements and increased renewals are required to reduce leakage rates. Many of our water supply pipes are in poor or very poor condition, with an upcoming significant peak in renewals as pipes made of different materials are all coming to the end of their useful lives at the same time. Their poor condition makes the pipes more vulnerable to leaks - leaks have increased by a third in the last two years and we lose the equivalent of 90 Olympic-size swimming pools each week. Reducing leakage is key to lowering the risk of interaction between potential contaminant sources and the water supply, and will also reduce power and conveyance costs and is an important issue to target alongside other demand management measures that the Council may consider. It will also improve the long term sustainability of the water supply, because while the Christchurch aquifers are plentiful, they are not infinite.

Modelling shows that there is a risk that land intensification north of the Waimakariri River increases the risk of nitrate concentrations in the Christchurch aquifers, which are the groundwater sources used for our drinking water supply. The city must do all it can to protect its aquifers from contamination, including through targeted investigations to improve understanding, further implementation of source protection, and partnership with Environment Canterbury and neighbouring district councils.

Table 1: Water supply – major programmes and projects

Rationale	Description and rationale	What we expect to see and contribution to addressing significant issues
Level of service	<p>Water Safety Plan Improvement Programme: This Programme has a number of different components, which will occur concurrently (and some at the same time) over the next 30 years:</p> <ul style="list-style-type: none"> <li>- Well and wellhead upgrades – this is the first tranche of the programme, and will be completed in the next year or two.</li> <li>- Backflow prevention – generally a device is fitted at the property boundary; this project will be largely completed in the next year or two.</li> <li>- Reservoirs and suction tanks - including renewals, new works, and increased inspection and maintenance</li> <li>- Lead in pipes - investigate sources and target renewal of lead-jointed pipes</li> </ul>	<p>This will contribute to maintaining the condition of our assets, and thereby increasing the safety of our drinking water, with a greater chance of meeting new national standards.</p>
Level of service	<p>‘Smart’ water supply network: To achieve a sustainable water supply as a key objective of the Integrated Water Strategy, ‘Smart’ technologies could be used to improve network operation and reduce demands and leakage to prolong the long-term availability of the water sources. Instantaneous monitoring technology can also provide an assurance as to water quality and public safety. Furthermore, smart technology would be used to improve infrastructure asset renewal and/or to enable more efficient use of existing infrastructure.</p>	<p>This will improve the sustainability of our water supply – as well as quality and safety.</p>
Renewal	<p>Asset renewals: Proactive risk-based asset renewals to maintain efficient and resilient infrastructure, which is a key objective of the Integrated Water Strategy. This programme includes all water supply assets including, importantly, the reticulation network. Water network renewals are essential to reduce water lost through leaks. Involves the replacement of approx. \$500 million of water supply pipes over the next ten years.</p>	<p>This will contribute to maintaining the condition of our assets, and thereby increasing the safety of our drinking water, and having a greater chance of meeting new national standards</p>
Level of service	<p>Water supply rezoning: Pressure management of water supply zones is a well-recognized national and international best practice with multiple benefits for extending infrastructure service life, and reducing leakage, operational costs and service interruptions.</p>	<p>Will achieve faster disaster recovery, allow for water pressure to be managed at a more optimum range across the whole city.</p>

## Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure FY2022-2051 (Inflated figures)<sup>38</sup>

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
Opex		\$9.6m	\$9.2m	\$9.7m	\$10.3m	\$10.2m	\$10.9m	\$11.6m	\$11.6m	\$12.1m	\$12.8m	\$69.9m	\$81.0m	\$94.0m	\$109.1m
Capex	Renewal	\$53.4m	\$50.9m	\$62.7m	\$63.2m	\$65.8m	\$67.1m	\$67.1m	\$66.5m	\$65.8m	\$66.9m	\$391.1m	\$420.7m	\$346.1m	\$322.7m
	Growth	\$2.5m	\$6.1m	\$10.3m	\$5.1m	\$5.1m	\$5.4m	\$7.3m	\$6.8m	\$8.4m	\$11.7m	\$38.9m	\$41.2m	\$48.8m	\$51.9m
	LoS improvement	\$1.5m													
	Meeting current LoS	\$6.7m	\$10.4m	\$12.3m	\$11.9m	\$11.1m	\$14.4m	\$15.1m	\$18.3m	\$16.7m	\$15.8m	\$42.2m	\$3.7m	\$2.2m	\$2.4m
	New service	\$1.3m	\$1.2m						\$0.3m			\$0.7m	\$0.8m	\$0.4m	\$0.9m
<b>Capex TOTAL</b>		<b>\$65.4m</b>	<b>\$68.6m</b>	<b>\$85.3m</b>	<b>\$80.2m</b>	<b>\$82.0m</b>	<b>\$87.7m</b>	<b>\$89.5m</b>	<b>\$91.9m</b>	<b>\$91.0m</b>	<b>\$94.4m</b>	<b>\$472.9m</b>	<b>\$466.4m</b>	<b>\$397.5m</b>	<b>\$377.9m</b>

<sup>38</sup> Note that operational expenditure figures, for all asset groups in this section of the Strategy, include only the direct maintenance costs associated with the management of the relevant assets; the total costs for the provision of the related service(s) are not included.

## Wastewater

### Key programmes and projects

The Council collects, treats, and disposes of wastewater from approximately 160,000 customers in Christchurch, Lyttelton, Diamond Harbour, Governors Bay, Akaroa, Duvauchelle, Tikao Bay and Wainui. This is done through 1,000 km of laterals, nearly 2,000 km of wastewater mains, 150 pump stations, 84 lift stations, and three vacuum stations. We provide treatment at eight wastewater treatment plants and disposal via one outfall pump station, six ocean/harbour outfalls, and two land irrigation schemes. The majority (98%) of wastewater generated within Christchurch is serviced

by the Christchurch wastewater network for treatment at the Christchurch wastewater treatment plant). New pipework has recently been installed to enable the wastewater from Lyttelton, Governors Bay and Diamond Harbour to be pumped to the plant, and allow the existing Lyttelton Harbour Basin treatment plant to be decommissioned. In order to allow the current Akaroa Harbour discharges to end, a treatment plant is under construction on a new site, which will allow land disposal for some or all of the effluent.

Targeted regulatory reforms to improve the environmental performance of wastewater systems will include a new national environmental standard for wastewater discharges and overflows. Therefore, a major focus of the upcoming work programme will be on addressing wet weather overflows.

Table 1: Wastewater – major programmes and projects

Driver for investment	Description and rationale	What we expect to see and contribution to addressing significant issues
Renewal	Replacement programme: Renew poor condition assets to reduce risk of asset failure and need for reactive repairs.	Reduced inflow and infiltration, better utilisation of existing capacity, better provision for growth, reduced wastewater overflows
Level of service	Asset condition information: Condition-based monitoring is required to ensure that remedial interventions can be planned in a cost-effective manner to maintain reliability and ensure continued service for customers.	Better condition data will reduce uncertainty and ensure that we are able to manage the network in the most efficient way possible, including planning for renewals.
Renewal	Wastewater overflow reduction: Wastewater overflow reduction is a key objective of the Integrated Water Strategy and can be achieved through wastewater network upgrades, reducing inflow and infiltration from the public wastewater network and requiring repair and renewal of private sewer laterals. Wastewater network models must be maintained to understand and plan for reducing wastewater overflows.	Reduced wastewater overflows
Renewal/ Level of service	Sustainable wastewater systems: A key objective of the Integrated Water Strategy is to manage the effects of the wastewater systems to meet community needs for environmental, social, cultural and economic sustainability over the long term. This will be achieved through the reduction of wastewater at source (reduction in inflow and infiltration), removal of treated wastewater from the Akaroa Harbour, implementing the re-use of treated wastewater, and investigating wastewater options for small Banks Peninsula settlements.	Akaroa Reclaimed Water Treatment and Reuse Scheme Duvauchelle Wastewater Treatment and Disposal Upgrade  Timely upgrades to CWTP  Reduced I&I in Akaroa and Duvauchelle  Banks Peninsula Servicing Strategy

## Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure 2022-2051 (Inflated figures)

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
Opex		\$9.9 M	\$9.6 M	\$10.2 M	\$10.7 M	\$10.8 M	\$11.3 M	\$11.8 M	\$12.1 M	\$12.6 M	\$13.1 M	\$71.6m	\$83.1m	\$96.4m	\$111.8m
Capex	Renewal	\$47.7m	\$50.7m	\$54.4m	\$61.5m	\$64.1m	\$74.9m	\$71.4m	\$76.3m	\$66.7m	\$61.6m	\$451.3m	\$568.9m	\$725.5m	\$757.5m
	Growth	\$0.6m	\$2.5m	\$2.6m	\$2.1m	\$2.1m	\$2.3m	\$4.4m	\$3.2m	\$3.5m	\$3.9m	\$92.4m	\$23.5m	\$23.1m	\$25.9m
	Meeting current LoS	\$8.9m	\$14.6m	\$12.9m	\$18.8m	\$26.4m	\$26.4m	\$15.0m	\$2.3m	\$51.8m	\$5.3m	\$32.8m	\$22.6m	\$49.0m	\$10.4m
	New service		\$0.2m	\$2.6m	\$2.9m	\$1.2m	\$0.1m			\$0.5m	\$2.4m	\$9.0m	\$7.2m	\$0.2m	\$19.1m
<b>Capex TOTAL</b>		<b>\$56.9m</b>	<b>\$67.9m</b>	<b>\$72.5m</b>	<b>\$85.2m</b>	<b>\$93.7m</b>	<b>\$103.7m</b>	<b>\$90.8m</b>	<b>\$81.8m</b>	<b>\$72.5m</b>	<b>\$73.2m</b>	<b>\$585.5m</b>	<b>\$622.2m</b>	<b>\$797.7m</b>	<b>\$812.9m</b>

## Surface water and waterways

### Key programmes and projects

Key assets for this activity include underground conveyance networks (including pipes, manholes, sumps, inlets, 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); pump stations and water flow control devices and structures such as valve stations, stopbanks, tide gates and basins; water quality treatment devices such as basins, wetlands, tree pits, raingardens and filtration devices; and hydrometric monitoring devices, measuring rainfall along with surface water, sea and groundwater levels.

A particular focus of this asset group for the LTP period will be on responding and

adapting to the effects of climate change (informing and responding to organisation-wide strategic direction), and the delivery of the stormwater elements of the OARC work programme. We have an opportunity in the Ōtākaro Avon Regeneration Area to take an integrated approach to how we manage land, water and natural hazards. We have work planned that will reduce the flooding risk, bring ecological and environmental benefits, and create new recreational areas that people can enjoy.

A further challenge for the next few decades will be improving water quality and meeting the conditions imposed by the Comprehensive Stormwater Network Discharge Consent. The Consent sets a requirement for ongoing infrastructural investment over the next 25 years to reduce the stormwater contaminants entering the waterways. This is a particular challenge as development of greenfield areas continues, with an associated increased contaminant load. Meeting the requirements relies on increased intensification to provide for growth, and on retrofitting older existing urban developments with stormwater treatment at source or in downstream facilities.



Table 1: Surface water and waterways – major programmes and projects

Driver for investment	Description and rationale	What we expect to see and contribution to addressing significant issues
Level of Service	<p>Floodplain management: high-level work programme to address flooding risks across the city, covers multiple facets of the activity including:</p> <ul style="list-style-type: none"> <li>- Stormwater treatment facilities</li> <li>- Storage basins (eg. Upper Heathcote)</li> <li>- Stop banks across the city – excluding the OARC corridor</li> <li>- Flood Management Projects</li> <li>- Multi-hazard investigations</li> <li>- Network modelling</li> <li>- Stormwater Management Plans</li> <li>- Strategic land purchases</li> </ul>	Necessary to respond and adapt to the effects of climate change, protect land, assets and private properties from flooding;
Level of service	<p>Implementation of OARC Regeneration Plan: initial work is needed to determine the different components of the work programme and their timings.</p> <p>A major part of this is stopbanks work – either temporary or permanent.</p> <p>Known and funded individual projects include:</p> <ul style="list-style-type: none"> <li>- Waitaki Street treatment facility, tidal wetland and section of permanent stop bank</li> <li>- Waikakariki – Horseshoe Lake Treatment Facility (Stages 1 &amp; 2)</li> </ul>	Respond and adapt to the effects of climate change
Growth	<p>Storm water treatment facilities and waterway enhancement: this involves retrofitting and new facilities in response to growth, in the Avon, Styx, and Heathcote catchments, works to restore waterways to pre-quake conditions and naturalisation of waterways.</p> <p>Will help to meet conditions under the Comprehensive Stormwater Network Discharge Consent.</p>	Providing for growth; keeping up with regulatory requirements; and ensuring maintenance of our assets
Renewal	<p>Renewals: this is needed to respond to asset deterioration of pump stations, pipes, drains, swales, waterway linings. While not currently allowed for, in the future this programme will need to account for adaptation policy decisions and Council-wide strategic direction (example of PS205, which will need to be renewed/replaced in 2040; and stopbanks, which will need to be renewed across the city at different intervals).</p>	Work towards building a 21 <sup>st</sup> century garden city; ensure adequate maintenance of assets

## Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure 2022-2051 (Inflated figures)

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
Opex		\$10.1m	\$10.5m	\$11.0m	\$11.6m	\$12.1m	\$12.8m	\$13.4m	\$14.1m	\$14.9m	\$15.7m	\$85.7m	\$99.4m	\$115.4m	\$133.9m
Capex	Renewal	\$10.9m	\$19.8m	\$20.2m	\$27.6m	\$24.6m	\$24.4m	\$27.9m	\$30.3m	\$26.6m	\$27.7m	\$131.0m	\$196.7m	\$341.2m	\$368.8m
	Growth	\$29.6m	\$18.4m	\$21.1m	\$27.8m	\$21.7m	\$16.9m	\$17.8m	\$17.7m	\$20.8m	\$16.7m	\$101.5m	\$132.4m	\$168.2m	\$211.3m
	LoS improvement	\$0.4m	\$1.6m	\$12.9m	\$3.8m	\$4.8m	\$2.8m	\$2.3m	\$2.5m	\$1.3m	\$1.0m	\$2.0m	\$2.0m		
	Meeting current LoS	\$22.0m	\$11.4m	\$13.7m	\$15.2m	\$26.2m	\$25.9m	\$24.1m	\$25.6m	\$25.3m	\$34.0m	\$343.9m	\$462.4m	\$428.9m	\$193.6m
<b>Capex TOTAL</b>		<b>\$62.9m</b>	<b>\$51.1m</b>	<b>\$57.6m</b>	<b>\$74.4m</b>	<b>\$77.3m</b>	<b>\$70.0m</b>	<b>\$72.1m</b>	<b>\$76.1m</b>	<b>\$74.0m</b>	<b>\$79.3m</b>	<b>\$578.4m</b>	<b>\$793.5m</b>	<b>\$938.3m</b>	<b>\$773.8m</b>

## Transportation

### Key programmes and projects

The Council is responsible for the operation and maintenance of the transport network (roads and footpaths, cycleways, public transport, and car parking), maintenance and repairs of roads and footpaths, improvements and upgrades, and planning for the future. We own, plan and manage the 2,500 km local roading network that supports all transport activities.

Road transportation generates around 36% of total greenhouse gas emissions in Christchurch, and as one of the biggest contributors to emissions. While we will need to continue to invest in infrastructure to support active and public transport, ensuring our land use supports our identified transport corridors, and designing and prioritising our streets and footpaths to encourage active travel will also be effective in reducing emissions. However, we need to do a lot more. Work is underway to determine the most effective actions the Council and the community can take to reduce road transport emissions, and how we can work with central government to achieve the significant reductions required.

Over the next decade, we are planning to further expand and improve public transport and cycling infrastructure. This will include priority measures for public transport across the core routes to support the ‘inner core package’ developed through a partnership business case. This is a joint programme with Environment Canterbury (ECan) and NZTA and requires both ECan and the Council to ensure an integrated LTP programme for implementation. In addition, we will be completing the major cycleways across the city and linkages with local cycleways. The major cycle routes and other cycleways are designed to encourage people to ride because they can see it’s a safe, convenient option to get where they want to go.

At the same time, we need to invest in renewals of our roads and footpaths. We need to maintain our city road and footpath network so that it is safe, and residents are satisfied with it. The network also needs to achieve acceptable standards for usage and reflect the changing uses of streets.

Table 1: Transport – major programmes and projects

Driver for investment	Description and rationale	What we expect to see and contribution to addressing significant issues
Renewals	To maintain our city road and footpath network so that it is safe and efficient and meets the needs of all users, the Council needs to invest appropriately in a programme of renewals for the transport network – aimed at better traffic management, and strengthening and smoothing of carriageways. Carriageway renewals include resurfacing, drainage, and kerb and channel, as well as changes to enable safe facilities for users other than cars e.g cycle lanes, cycleways, and pedestrian facilities.	Ensuring sustainable management of our road network, enabling a safe and accessible network for all users.
LOS Improvement	Significant network of cycleways – the major cycleway network is a series of 13 off-road facilities supported by a network of local cycleway connections, slow streets, shared paths etc that connect communities to the major network. This network is in addition to the on-road cycle lanes. It aims to foster connected and healthier communities, promote mode shift, make our city more accessible, and reduce emissions.	Getting more people cycling is key to addressing climate change, creating healthier communities, increasing access and reducing congestion.
LOS Improvement	Continued implementation of remaining investment phases for the Accessible City 2015 (Christchurch Central Recovery Plan transport chapter). This work identifies 130+ projects to be implemented in phases over 30 years. Phase 1 projects are all largely complete. The next 10 years is focused on phases 2 and 3, and on delivering a series of public realm and transport projects, including Antigua St cycleway, Colombo North, Ferry Road, High Street, Victoria, Hereford, Worcester East, Lichfield East.	Delivering a travel network that enables safe access for all road users and promotes a greater uptake of active and public transport to ensure access to the central city is easy and attractive, as the population and travel demand grows.
New service	<p>The Council and its strategic partners are committed to improving the public transport system. A joint business case has identified a 10+ year programme of investment aimed to increase bus frequency and introduce bus lane priority and intersection improvements on core bus routes; improve bus stops, including bus shelter and real time information at bus stops; and upgrade the central city bus interchange, including provision to purchase land to expand.</p> <p>In addition to investing in improving the public transport system in the short to medium term, the Council is working with its partners to investigate the shape and form of future mass rapid transit.</p>	<p>Meeting these objectives:</p> <ul style="list-style-type: none"> <li>• Improve journey time and reliability of PT services relative to private vehicles by 2028</li> <li>• Improve PT services to and from highly populated/growth areas and key destinations across Greater Christchurch by 2028</li> <li>• Remove barriers to the uptake of PT by 2028</li> </ul> <p>This is aimed at delivering growth in bus patronage and reducing car dependence, thereby improving economic, social and environmental outcomes.</p>
LOS	Safety programme seeks to reduce deaths and serious injury crashes on the network by addressing the known high risk locations across the city –with a clear focus on safety improvements at intersections and other high-risk areas and considers vulnerable users such as cyclists and pedestrians.	A clear reduction of deaths and serious injuries – aiming to go from actual 115 in 2019/20 to 78 in 2030/31. This is in line with the national Road to Zero target of reducing death and serious injury crashes by 40% by 2030. For cyclists and pedestrians we expect to see an ongoing reduction of deaths and serious injuries despite an increase of cycling and walking over the ten-year programme.

Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure 2022-2051 (Inflated figures)

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
Opex		\$40.4m	\$40.9m	\$42.1m	\$43.1m	\$44.3m	\$45.4m	\$47.0m	\$48.3m	\$49.7m	\$51.1m	\$279.7	\$324.5	\$376.5	\$436.9
Capex	Renewal	\$62.0m	\$65.0m	\$62.3m	\$79.3m	\$76.0m	\$61.5m	\$60.0m	\$72.2m	\$82.4m	\$65.2m	\$380.9m	\$424.5m	\$493.9m	\$566.6m
	Growth	\$10.4m	\$25.7m	\$21.9m	\$11.6m	\$14.2m	\$6.5m	\$14.0m	\$12.5m	\$12.3m	\$17.9m	\$48.0m	\$45.4m	\$53.4m	\$61.7m
	LoS improvement	\$59.0m	\$45.9m	\$49.1m	\$41.2m	\$47.3m	\$67.7m	\$57.0m	\$56.3m	\$34.0m	\$51.9m	\$169.6m	\$152.5m	\$172.4m	\$191.7m
	New service	\$4.3m	\$4.1m	\$4.6m	\$11.6m	\$5.6m	\$5.0m	\$12.6m	\$6.4m	\$24.8m	\$22.6m	\$37.8m	\$69.3m	\$102.5m	\$80.4m
<b>Capex TOTAL</b>		<b>\$135.7m</b>	<b>\$140.7m</b>	<b>\$138.0m</b>	<b>\$143.9m</b>	<b>\$143.1m</b>	<b>\$141.2m</b>	<b>\$144.2m</b>	<b>\$147.4m</b>	<b>\$153.4m</b>	<b>\$157.6m</b>	<b>\$636.2m</b>	<b>\$691.7m</b>	<b>\$822.2m</b>	<b>\$900.4m</b>

## Facilities

### Key programmes and projects

This asset group includes more than 150 different facilities, plus over 1,900 community housing units (formerly referred to as social housing). Facilities include libraries, sports and recreation centres, pools, stadia, camping grounds, art gallery, local museum, community centres, bus interchange and corporate accommodation. The network will be enlarged and enhanced in the early years of the next LTP by:

- Te Pou Toetoe (indoor swimming pool, community and recreation spaces, opening summer 2021-22)
- Metro Sports Facility (aquatic and indoor recreation and leisure venue, opening in 2022)
- Hornby library, customer services, and rec and sport centre (opening late 2022)
- Canterbury Multi-Use Arena (opening late 2024).

There has been extensive rebuilding and repairs of facilities post-earthquakes, resulting overall in a modern network of well-designed buildings that demand regular, ongoing maintenance in order to remain fresh and fit-for-purpose, optimise usage and meet citizen expectations. However, some community facilities are not well utilised and decisions need to be considered for their future divestment (e.g. to community ownership) or disposal. Asset management needs to remain agile to stay abreast of changing consumer needs/expectations and technological trends, so that facilities retain relevance and are fit-for-purpose. Delivering services beyond buildings is anticipated to feature increasingly in the future.

Over the life of the Infrastructure Strategy, a significant bow wave of cyclical refurbishments of post-quake rebuilt or new buildings will be required.

The demand for community housing in the city has grown in recent years, and will continue to put pressure on the Council's commitment to invest in this area; also a large portion of the housing stock was built mid-century, and now progressively requires major refurbishment or modernising. By the start of the LTP 2021-31 period, a significant upgrade of stock to provide warm, dry homes will be completed as a first step to meeting Healthy Home requirements by mid-2023.

Table 1: Facilities – major programmes and projects

*Community facilities*

<b>Driver for investment</b>	<b>Description and rationale</b>	<b>What we expect to see and contribution to addressing significant issues</b>
Renewal	Maintain, refurbish or modify community facilities community centres to a standard that meets community needs and demand, and optimises usage.	Fit-for-purpose community facilities that enable participation and engagement in community life and events

*Recreation and sport facilities*

<b>Driver for investment</b>	<b>Description and rationale</b>	<b>What we expect to see and contribution to addressing significant issues</b>
Renewal	Maintain, refurbish or modify recreation facilities to a standard that meets community needs and demand, and optimises usage.	Optimised efficiency and effectiveness of the network of recreational assets.

*Libraries*

<b>Driver for investment</b>	<b>Description and rationale</b>	<b>What we expect to see and contribution to addressing significant issues</b>
Renewal	Maintain and refurbish libraries regularly so they remain fit-for-purpose and adapt to changing technologies and uses.	Optimised efficiency and effectiveness of the network of libraries.
Renewal	Complete substantial earthquake repairs to South Library and a small number of remaining community facilities still requiring repairs following the earthquakes, so that they are safe and fit-for-purpose for continued community use.	Earthquake repairs for our libraries will be completed and our facilities will be able to run as normal.

*Community housing*

<b>Driver for investment</b>	<b>Description and rationale</b>	<b>What we expect to see and contribution to addressing significant issues</b>
Renewal	Maintain, refurbish and replace community housing to a standard that contributes to meeting community needs and demand.	Existing community housing is maintained over its asset life  Community housing complexes replaced as they reach the end of their 90- year life (programme projected from 2035 onwards)

## Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure 2022-2051 (Inflated figures). NB: Includes community facilities, libraries, rec and sports facilities, community housing, Art Gallery, Canterbury and Akaroa Museums, and Canterbury Multi-Use Arena.

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51	
Opex		\$11.2m	\$12.7m	\$13.6m	\$15.0m	\$14.3m	\$14.6m	\$15.0m	\$15.4m	\$15.8m	\$16.2m	\$88.6m	\$102.8m	\$119.3m	\$138.4m	
Capex	Renewal	\$86.8m <sup>1</sup>	\$31.9m	\$30.0m	\$35.9m	\$37.5m	\$37.7m	\$35.1m	\$34.9m	\$40.1m	\$37.9m	\$201.7m	\$244.9m	\$303.2m	\$347.7m	
	Growth	\$18.6m	\$15.8m	\$0.4m	\$0.4m	\$0.4m	\$0.4m	\$0.4m	\$0.4m	\$0.5m	\$0.5m	\$14.3m	\$12.1m	\$5.5m	\$6.2m	
	LoS improvement	\$9.6m	\$14.3m	\$16.9m	\$2.0m											
	Meeting current LoS	\$56.3m	\$191.6m	\$184.0m	\$24.1m	\$0.1m	\$0.2m	\$0.2m	\$0.4m	\$0.4m	\$0.1m	\$1.6m	\$1.5m	\$2.1m	\$1.6m	
	New service	\$11.5m														
<b>Capex TOTAL</b>		<b>\$76.4m</b>	<b>\$49.6m</b>	<b>\$31.0m</b>	<b>\$36.5m</b>	<b>\$37.4m</b>	<b>\$37.7m</b>	<b>\$35.8m</b>	<b>\$35.7m</b>	<b>\$41.0m</b>	<b>\$38.5m</b>	<b>\$217.5m</b>	<b>\$258.1m</b>	<b>\$310.8m</b>	<b>\$355.5m</b>	

<sup>39</sup> Includes \$40 million carry forward for Metro Sports Facility.



## Parks

### Key programmes and projects

We have an extensive network of parks and gardens (home to playgrounds and fitness circuits, walking tracks and paths, park furniture and amenity, plants and trees, sports turf) reserves, cemeteries, bridges, and foreshore and marine access ways that serve recreation, sport, garden, heritage, cultural and community activities. In total we maintain 1,248 park asset sites across 9,378 hectares of land.

There is an increasing level of service demanded by citizens of our parks, and the impact of deferred maintenance has resulted in an increased risk of asset failure, reduced reliability and performance and costly, reactive repairs. Over the next ten years, in order to meet and satisfy citizen expectations and demands, and enable optimal use of park assets, there needs to be a strong focus on ensuring sufficient operational expenditure to maintain existing assets and for commensurate funding of operating costs for any assets added to the portfolio.

There is an ongoing need for Parks to respond and adjust asset provision to reflect changes in the way people and communities of interest choose to recreate, participate in sports, enjoy the outdoors, value our landscapes and biodiversity, and a growing breadth of cultural practices.

The Council is responding to changing and increasingly varied demands with multi-use spaces, increased community involvement in planning and managing parks, and diverse recreation and sport facilities for all ages and abilities. Network plans for the provision of parks and facilities are being developed to guide Council investment. They establish processes for prioritising new developments and upgrades to meet community needs equitably, within available resources, and include guidance on design.

Parks also has a large role to play in responding and adapting to climate change. A big focus of the next 10 years will be providing the millions of plants required for the ecological restoration of the Ōtākaro Avon River Corridor.

Table 1: Parks – major programmes and projects

Driver for investment	Description and rationale	What we expect to see and contribution to addressing significant issues
Renewal	Renewals-Heritage Buildings: several large, high-profile projects, including: <ul style="list-style-type: none"> <li>- Old Municipal Chambers</li> <li>- Robert McDougall Gallery – Strengthening</li> <li>- Cuningham House</li> <li>- Canterbury Provincial Chambers</li> </ul>	Continued regeneration of the city and its heritage assets – looking after what we’ve got
Renewal	Renewals – Foreshore: Akaroa Wharf Renewal Marine structures and seawalls	Looking after our foreshore assets
Growth	Naval Point Development	Looking after our foreshore assets
Renewal	Ōtākaro Avon River Corridor (OARC) development and RRZ asset renewals	Preparing the corridor for implementation of preferred land uses outlined in the OARC Regeneration Plan; helping to respond and adapt to climate change impacts
Renewal	Parks buildings and assets renewals programmes to maintain parks so they are in good condition to meet community/recreation/sporting needs and expectations	Meeting community needs and expectations and looking after our assets
Demand & Growth	Cemeteries development: programme of works for provision and upgrades of facilities and infrastructure provided on cemeteries to maintain burial capacity and optimise use. This includes development of the \$9.56 million Templeton Cemetery in the west of the city, and \$24 million land purchases and developments for cemetery extensions.	Meeting community needs and expectations and providing for growth
Demand & Growth	Community Parks: programme of works for provision and upgrades of facilities and infrastructure provided on community parks so they continue to be fit-for-purpose for sporting and recreational use. This includes \$7.39 million Lancaster Park redevelopment and 10.8 million QEII stage 2 developments.	Optimised efficiency and effectiveness of parks network
Demand & Growth	Regional Parks: programme of works for provision and upgrades of facilities and infrastructure provided on Regional Parks so they continue to be fit-for-purpose for ecological and recreational use in the Port Hills and Coastal Plains management areas.	Optimised efficiency and effectiveness of parks network
Improve & Meet Levels of Service	Planned sports fields developments, and upgrade sports facilities on sports parks so they continue to be fit-for-purpose for sporting and recreation needs, and their use is optimised.	Optimised efficiency and effectiveness of network of sports fields
Meet Levels of Service & Demand	Programme of works for provision and upgrades of facilities and infrastructure provided in Botanic Gardens and Hagley Park so they continue to be fit-for-purpose as a major attractions.	Work towards building a 21 <sup>st</sup> century garden city; ensure adequate maintenance of assets

## Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure 2021-2051 (Inflated figures)

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
<b>Opex</b>		\$18.3m	\$18.7m	\$19.1m	\$19.6m	\$20.0m	\$20.5m	\$21.0m	\$21.6m	\$22.2m	\$22.8m	\$124.6m	\$144.6m	\$167.7m	\$194.6m
<b>Capex</b>	<b>Renewal</b>	\$19.5m	\$24.5m	\$29.5m	\$31.8m	\$24.0m	\$22.6m	\$44.4m	\$21.5m	\$19.4m	\$21.1m	\$77.2m	\$258.3m	\$72.3m	\$104.0m
	<b>Growth</b>	\$3.5m	\$5.6m	\$8.6m	\$16.3m	\$17.3m	\$17.3m	\$13.9m	\$16.5m	\$16.2m	\$15.8m	\$52.2m	\$28.3m	\$17.5m	\$17.1m
	<b>LoS improvement</b>	\$2.5m	\$3.8m	\$1.9m	\$2.3m	\$3.7m	\$4.6m	\$3.5m	\$2.1m	\$2.5m	\$2.1m	\$25.4m	\$5.2m	\$4.2m	\$3.4m
	<b>Meeting current LoS</b>	\$1.5m	\$2.6m	\$12.4m	\$8.4m	\$1.7m	\$1.5m	\$6.4m	\$4.4m	\$2.7m	\$2.7m	\$15.1m	\$12.6m	\$11.3m	\$9.5m
	<b>New service</b>	\$9.0m	\$4.5m	\$4.1m	\$5.6m	\$12.3m	\$20.8m	\$26.9m	\$22.3m	\$31.6m	\$32.9m	\$68.0m	\$34.1m	\$29.9m	\$28.5m
<b>Capex TOTAL</b>		<b>\$36.0m</b>	<b>\$41.0m</b>	<b>\$56.5m</b>	<b>\$64.5m</b>	<b>\$58.9m</b>	<b>\$66.8m</b>	<b>\$95.1m</b>	<b>\$66.8m</b>	<b>\$72.5m</b>	<b>\$74.6m</b>	<b>\$237.9m</b>	<b>\$338.5m</b>	<b>\$135.2m</b>	<b>\$162.4m</b>

## Solid waste and resource recovery

### Key programmes and projects

Solid waste and resource recovery infrastructure supports the collection and management of waste - through organics and recycled materials processing, transfer stations and residual waste transfer to landfill (including landfill gas capture and operation), processing, disposal and treatment of construction and demolition waste and contaminated soils, and aftercare of closed landfills.

There is a high level of resident satisfaction with our kerbside collection system for waste materials, and growing community aspirations for sustainable ways to manage and recycle waste, and reduce what goes to landfill. This, combined with dynamic

markets for recycled materials, means that asset investment needs to be agile and responsive to changing markets and technologies.

Implementing actions from the Council's six-year Waste Management and Minimisation Plan 2020 will be a key driver of capital and operational expenditure in the respective years in the LTP 2021-31. Actions will be reviewed annually (and revised as relevant) to keep the focus on diverting organics and recyclable materials from landfill, diverting hazardous substances from the environment, providing local leadership and innovation in waste management and changing consumer behaviours through education and communication. An additional, important focus will be on contributing to meeting the Council's zero emissions targets, through exploring ways to reduce greenhouse gas emissions from waste processing activities, the household kerbside collection vehicle fleet, and the transport of waste materials to processing plants/landfill.

Table 1: Solid waste and resource recovery – major programmes and projects

Driver for investment	Description and rationale	What we expect to see and contribution to addressing significant issues
Meet level of service/ renewal	The Material Recovery Facility and the Organics Plant require adaptation and/or upgrading so that they can sustainably process an increasing range and volume of respective recyclable and organic materials, take opportunities to convert waste to energy, and adapt to market opportunities and conditions	A system that sustainably processes waste while meeting regulatory requirements and reducing waste to landfill
Meet level of service	The methods used for household kerbside collection need to be able to adapt to changes in consumer behaviour, processing systems and the markets and uses for recoverable materials	A responsive and adaptive waste system
Renewal/ level of service	Explore ways to reduce greenhouse gas emissions from processing activities, household kerbside collection vehicle fleet, and the transport of waste materials to processing plants/landfill	Reduction in greenhouse gas emissions contributing to meeting our lower emissions targets
Renewal	Management of risk of land or groundwater contamination at closed landfill sites that are identified as vulnerable to coastal inundation and sea level rise	Adapting to the effects of climate change and meeting regulatory requirements, by protecting communities and the environment

Budgets for these programmes/projects are part of the following table of total operational and capital expenditure.

## Projected capital and operational expenditure

Table 2: Forecast operational and capital expenditure 2021-2051 (Inflated figures)

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
<b>Opex</b>		<b>\$0.9m</b>	<b>\$0.8m</b>	<b>\$0.8m</b>	<b>\$0.8m</b>	<b>\$0.9m</b>	<b>\$0.7m</b>	<b>\$0.7m</b>	<b>\$0.8m</b>	<b>\$0.8m</b>	<b>\$0.8m</b>	<b>\$4.4m</b>	<b>\$5.1m</b>	<b>\$6.0m</b>	<b>\$6.9m</b>
<b>Capex</b>	<b>Renewal</b>	\$2.6m	\$1.9m	\$2.6m	\$2.0m	\$2.1m	\$2.2m	\$2.3m	\$1.7m	\$2.6m	\$2.9m	\$16.9m	\$11.4m	\$12.7m	\$14.2m
	<b>Meeting current LoS</b>	\$17.0m	\$8.0m	\$0.1m	\$0.1m	\$1.1m	\$2.4m	\$2.5m	\$1.3m	\$0.2m	\$0.2m	\$0.9m	\$24.1m	\$1.1m	\$1.2m
	<b>New service</b>	\$0.4m	\$1.1m	\$1.0m											
<b>Capex TOTAL</b>		<b>\$20.0m</b>	<b>\$11.0m</b>	<b>\$3.8m</b>	<b>\$2.1m</b>	<b>\$3.3m</b>	<b>\$4.6m</b>	<b>\$4.8m</b>	<b>\$3.0m</b>	<b>\$2.7m</b>	<b>\$3.1m</b>	<b>\$17.8m</b>	<b>\$35.5m</b>	<b>\$13.8m</b>	<b>\$15.5m</b>

## Information technology

### Key programmes and projects

Information technology (IT) services are essentially the enablers of Council services and interactions with citizens. These services have a primary focus on ensuring citizens can engage effectively and efficiently with Council services and enabling the Council workforce to use IT solutions to deliver efficient and quality services and make better informed business decisions.

The useful life of IT assets is a lot shorter than most other assets across other asset classes. Existing assets have varying lifecycles generally ranging from three to seven years; programmes of renewal and replacement are run on a four-yearly cycle. Underlying technologies are constantly changing and evolving, and it is difficult to know what the context of the digital world will be in even five to ten years' time. Adding to the uncertainty involved in planning is that information technology is a driver and enabler of the business of Council – it is a service and a means to an end, and therefore needs to respond (often relatively quickly) to changes in the needs of the business, and business service level expectations.

Table 1: IT – major programmes and projects

Driver for investment	Description and rationale	What we expect to see and contribution to addressing significant issues
Renewal	Renew or replace assets to ensure sustainable services that meet demand, including business transfer systems and continuous improvement	Fit-for-purpose assets that meet business needs and respond to changing commercial environments
Meet Level of Service	Deliver improved network capability, ability to up or down scale as required, provide enhanced wi-fi network, improved monitoring and reporting, future-proofed network capability, improved security, increased cloud-based activity and utilisation of Internet of Things for monitoring and response.  This Opex is for associated licensing	Provide systems that provide future-proofing and are a foundation and can sustain growth in demand for business solutions and respond to changing commercial environments
Growth	Understanding who is using what and when; adjustment deployments to fit usage; ensuring license type equates to a value proposition	Ensure software investment delivers best value

Budgets for these programmes/projects are part of the following table of total operational and capital expenditure.

## Forecast capital and operational expenditure FY2022-2051

This is the forecast operational and capital expenditure on I.T. assets and services over the 30-year lifespan of the Infrastructure Strategy. It includes the agreed budgets for the 10 years of the 2021-31 LTP, and forecast expenditure over the subsequent years taking into account financial affordability and programme deliverability, and drivers such as asset condition/renewals, growth, any new services, and meeting current or improved Levels of Services.

Table 2: Forecast capital and operational expenditure 2021-2051 (Inflated figures)

Timing of expenditure		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32-36	FY37-41	FY42-46	FY47-51
Opex		\$2.6 M	\$2.8 M	\$2.9 M	\$2.9 M	\$3. M	\$3.1 M	\$3.2 M	\$3.2 M	\$3.3 M	\$3.4 M	\$18.7m	\$21.6m	\$25.1m	\$29.1m
Capex	Renewal	\$7.9m	\$8.1m	\$7.3m	\$7.5m	\$7.6m	\$7.8m	\$8.1m	\$7.9m	\$8.1m	\$8.3m	\$44.5m	\$49.9m	\$55.9m	\$62.6m
	LOS improvement	\$11.0m	\$13.9m	\$10.6m	\$9.8m	\$9.4m	\$9.7m	\$9.9m	\$10.7m	\$10.7m	\$11.0m	\$59.0m	\$66.1m	\$74.1m	\$83.0m
<b>Capex TOTAL</b>		<b>\$18.9m</b>	<b>\$22.0m</b>	<b>\$17.9m</b>	<b>\$17.2m</b>	<b>\$17.1m</b>	<b>\$17.5m</b>	<b>\$18.0m</b>	<b>\$18.3m</b>	<b>\$18.8m</b>	<b>\$19.3m</b>	<b>\$103.5m</b>	<b>\$116.0m</b>	<b>\$129.9m</b>	<b>\$145.6m</b>

# Appendices

## Appendix 1: Summary of the Infrastructure Strategy

Our significant issues are...	We address these issues by....	Making sure that we...	By focussing on key programmes and projects over 30 years...
<ul style="list-style-type: none"> <li>• <b>LOOKING AFTER WHAT WE HAVE GOT</b></li> <li>• <b>RESPONDING TO COMMUNITY NEEDS AND EXPECTATIONS, AS WE GROW</b></li> </ul>	<p><b>Growing a resilient and liveable city, by responding to climate change, reducing emissions and preparing for disruption</b></p>	<p>Improve understanding and reduce the risks posed to our infrastructure and environment by climate change and natural hazards, so that decision-making is evidence-based and focusses on increased resilience.</p>	<p><b>SURFACE WATER*</b> As part of implementing the Ōtākaro Avon River Corridor Regeneration Plan, we need to undertake initial work to understand the scope of work required to build temporary or permanent stopbanks; and then decide on the programme of works required and implement it. •</p>
<ul style="list-style-type: none"> <li>• <b>ADAPTING TO CLIMATE CHANGE</b></li> </ul>		<p>Develop and implement ways to meet our greenhouse gas emissions targets.</p>	<p><b>SURFACE WATER/RESOURCE RECOVERY</b> To protect our environment where closed landfill sites are located in areas that are vulnerable to coastal inundation and sea level rise, we need to identify and manage the risk of them contaminating land or groundwater. <i>(yrs 4-30 refers to likely government funding)</i> ••</p>
<ul style="list-style-type: none"> <li>• <b>REDUCING EMISSIONS</b></li> </ul>		<p>Improve our active and public transport infrastructure to increase safety, satisfaction and uptake of these sustainable modes.</p>	<p><b>SURFACE WATER</b> Undertake work programmes to address flooding risks across the city, such as stormwater treatment facilities, stopbanks, storage basins (e.g. Upper Heathcote), multi-hazard investigations, coastal hazards adaptation planning, and stormwater management plans. ••</p>
<ul style="list-style-type: none"> <li>• <b>RESPONDING TO CHANGING REGULATORY AND COMMERCIAL ENVIRONMENTS</b></li> </ul>		<p>Be adaptive and innovative in finding sustainable solutions for resource recovery, and in the fuel sources we create and use.</p>	<p><b>WATER SUPPLY</b> We need to reduce the size of water supply pressure management zones, because large zones make it more difficult to get water supply back on following a disaster; by zoning we can make disaster recovery faster and allow for water pressure to be managed at a more optimum range across the city. •••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>		<p>Ensure our drinking water supply is safe and meets national standards, so that our infrastructure is adequately maintained.</p>	<p><b>WASTEWATER</b> So that we manage the effects of the wastewater systems to meet environmental, social and cultural expectations and long-term economic sustainability, we need to reduce wastewater at source, remove treated wastewater from the Akaroa Harbour, implement the re-use of treated wastewater, and investigate wastewater options for small Banks Peninsula settlements. (Additional: + \$5.5m to reduce inflow and infiltration in Akaroa Harbour, + \$1.0m opex) ••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>		<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>SURFACE WATER/PARKS</b> Pursue opportunities to create wetland facilities and forest cover of eroding hill land, so that stormwater works can absorb carbon and improve biodiversity and take a leading role in carbon sequestration by exploring ways to increase tree canopy cover. ••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>		<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>TRANSPORTATION</b> To develop a more attractive, accessible public transport network, that with increased use will reduce greenhouse gas emissions, we need to prioritise measures for public transport across the network - developed through a partnership business case. ••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>		<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>TRANSPORTATION</b> To foster connected and healthier communities, we need to complete the major cycleways and link it with the local cycleways connection programme across the city. ••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>		<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>RESOURCE RECOVERY</b> To enable us to sustainably process an increasing range and volume of respective recyclable and organic materials, comply with consent conditions, take opportunities to convert waste to energy, and adapt to market opportunities and conditions, the Material Recovery Facility (MRF) and the Organics Plant (OP) require adaptation and/or upgrading. MRF funding is likely to be external; OP funding is likely to be external an/or mix of CCC/external) •••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>		<p>Ensure our drinking water supply is safe and meets national standards, so that our infrastructure is adequately maintained.</p>	<p><b>RESOURCE RECOVERY</b> So that we can respond to changes in consumer behaviour and benefit from improvements to processing systems and opportunities for markets and uses for recoverable materials, we need to be able to develop flexible and adaptable methods for collecting and processing materials household kerbside collection. This includes changes to inner-city collection system and in medium term, options to add a 4<sup>th</sup> collection stream that could maximise recycling quality. <i>(yrs 4-10 refers to likely government funding)</i> •••</p>
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>	<p>Ensure our drinking water supply is safe and meets national standards, so that our infrastructure is adequately maintained.</p>	<p><b>WATER SUPPLY</b> We need to keep progressing the Water Safety Plan Improvement Programme so that our water supply continues to be safe and can meet national standards. Within the first tranche of work, which is likely to be completed over the next 2 years, are the well and wellhead upgrades and installation of backflow prevention devices at property boundaries. Further work is required to reservoirs and suction tanks - including renewals and increased inspection and maintenance. We also need to investigate contamination of the water supply from lead-jointed pipes, and target the renewal of them. ••</p>	
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>	<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>SURFACE WATER</b> – To help ensure we can meet the conditions of the Comprehensive Stormwater Network Discharge Consent we need to retrofit and build new stormwater treatment facilities in response to growth, in Avon, Styx and Heathcote catchments. ••••</p>	
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>	<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>TRANSPORTATION</b> To help encourage residential living in the central city, we need to make it more attractive and easier to move around and live. We need to accommodate population growth and travel demand by completing the Accessible City programme that active travel and public transport easier. •••</p>	
<ul style="list-style-type: none"> <li>• <b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></li> </ul>	<p>Ensure our provision of infrastructure is well integrated with the planning of our neighbourhoods, to create liveable and healthy places to live.</p>	<p><b>PARKS</b> To provide additional capacity for cemeteries to meet future needs, we need to acquire further land (Banks Peninsula) and develop what we already have (Templeton). ••</p>	
<p><b>So that, by 2051 people can...</b> Choose to live in an intensified central city or suburban hubs, with attractive and convenient amenities that encourage a healthy lifestyle and wellbeing + Be proud of living in a city that has responded to the challenge of climate change by adaptation of infrastructure and local communities + Live safely in a city where resilient infrastructure can be expected to withstand the effects of a rupture on the Alpine Fault of magnitude 8.0 and other comparable natural disaster events + Adopt a lifestyle that generates low or zero emissions and where waste materials are dealt with in sustainable ways + Be assured that the city's water supply meets national standards for delivery, and that wastewater and stormwater management has a positive impact on the environment + Be confident that infrastructure is managed efficiently and invested in responsibly, and the costs are affordable and sustainable + Be satisfied that the city's infrastructure performs to agreed levels of service, is well-maintained, enhances community wellbeing, and minimises risks to health, environment and safety</p>			

\*For the purposes of the Infrastructure Strategy, the term 'Surface water' covers stormwater and flood protection and control activities. This terminology is consistent with the Council's Te wai ora o tāne Integrated Water Strategy, adopted in late 2019.



Our significant issues are...	We address these issues by....	Making sure that we...	By focussing on key programmes and projects over 30 years...
<p>•</p> <p><b>LOOKING AFTER WHAT WE HAVE GOT</b></p> <p>•</p> <p><b>RESPONDING TO COMMUNITY NEEDS AND EXPECTATIONS. AS WE GROW</b></p> <p>•</p> <p><b>ADAPTING TO CLIMATE CHANGE</b></p> <p>•</p> <p><b>REDUCING EMISSIONS</b></p> <p>•</p>	<p>Being careful stewards by investing responsibly in developing and maintaining our city's assets, managing demand through greater use of existing assets, and balancing our community's needs and expectations with what we can afford</p>	<p>Ensure there is sufficient investment each year in renewing, maintaining and replacing our assets, to manage the compounding risks associated with our ageing and deteriorating assets and improve user satisfaction; and be prepared to repurpose, rationalise or dispose of assets where necessary.</p>	<p><b>WATER SUPPLY</b> To ensure an efficient water reticulation network and support the programme to reduce leakage rates, we need to be able to maintain a comprehensive renewals and replacement programme for all water supply assets. •</p> <p><b>WASTEWATER</b> To reduce the risk of infiltration by waste into the environment through overflows (and meet the conditions of our discharge consent), asset failure and reactive repairs, we need to be able to maintain programmes to replace or renew ageing and/or damaged assets at the right time. •</p> <p><b>SURFACE WATER</b> Increased asset management is needed to respond to asset deterioration of pump stations, pipes, drains, swales, waterway linings. This programme will need to account for adaptation policy decisions and Council-wide strategic direction (example of PS205, which will need to be renewed/replaced in 2040; and stopbanks, which will need to be renewed across the city at different intervals). ••</p> <p><b>TRANSPORTATION</b> To maintain our city road and footpath network so that it is safe, and residents are satisfied with, we need a programme of renewals that achieves acceptable standards for usage and reflects the changing uses of streets. •••</p> <p><b>FACILITIES/ALL</b> To ensure our libraries, sports and recreation facilities, pools, community housing and community centres are kept to a standard that meets community needs and demand, and optimises usage, we need to be able to sustain a regular renewals and replacements programme to maintain, refurbish or modify facilities. ••</p> <p><b>FACILITIES/COMMUNITY HOUSING</b> We have a bow-wave of community housing complexes that near the end of their 90-year life around 2035, and will require replacement. •</p> <p><b>FACILITIES/LIBRARIES</b> We need to do structural earthquake repairs and strengthening to South Library so that it remains safe and fit-for-purpose for continued community use. ••</p> <p><b>PARKS</b> We need to maintain our community and regional parks, so they are in good condition, and fit for purpose to meet community/recreation/sporting needs and expectations and preferences. To cater for changing sporting activities and preferences; and to meet the needs of a growing population, we need to acquire land to develop as additional amenity and/or provide parks in different locations or re-purpose what we have. •••</p> <p><b>PARKS</b> We need to renew or re-purpose some sports parks, so they continue to be fit-for-purpose for sporting and recreation needs to optimise their usage. ••</p> <p><b>PARKS</b> To realise the vision for the Ōtākaro Avon River Corridor we need to invest in the renewal and regeneration of open spaces and parks there. •••</p> <p><b>PARKS</b> Facilities on our foreshores need renewing or developing, to ensure they are fit-for-purpose, meet demand and adaptive to climate changes impacts – Akaroa Wharf renewal, Naval Point development, renewal of seawalls and marine structures. •••</p> <p><b>PARKS/HERITAGE</b> We need to make decisions about how we look after some of our significant heritage buildings, in particular the Provincial Council Building and Robert McDougall Art Gallery building, Old Municipal Chambers (Our City) and improvements to Cuninghame House in the Botanic Gardens. ••</p>
<p>•</p> <p><b>RESPONDING TO CHANGING REGULATORY AND COMMERCIAL ENVIRONMENTS</b></p> <p>•</p> <p><b>DELIVERING WITHIN FINANCIAL CONSTRAINTS</b></p>		<p>Improve knowledge of asset condition and maintenance requirements, whole-of-life costs and risks associated with asset deterioration.</p> <p>Investigate and implement mechanisms to manage the demand for some assets and services, to encourage more efficient use of them while retaining equitable access.</p> <p>Employ technology to enable a smart city and an efficient organisation, where services can be delivered securely, cost-effectively, and suit contemporary lifestyle preferences and needs.</p>	<p><b>ALL ASSETS</b> We need to better understand how we can reduce asset risk. Reduction could be achieved either through investing in renewals/replacements and new infrastructure, transferring risk through insurance programmes, or finding an acceptable threshold for the level of risk on our balance sheet. •</p> <p><b>WATER SUPPLY</b> We need to use smart technologies that will help improve the safety of our drinking water, improve network efficiency and detection of leakages, and contribute positively to demand management programmes and the sustainability of our water supply. ••</p> <p><b>I.T.</b> So that we can respond to an increasing reliance on and growing demand from existing and new facilities for modern technology, stay ahead of cybersecurity challenges and exponential increase in cloud services, and be a smart city and organisation, our I.T. network needs to be scalable and agile. ••</p> <p><b>I.T.</b> To ensure that I.T. can support the Council organisation to do its business efficiently and smartly, and the community can connect with the Council in ways that suits their preferences, we need to have fit-for-purpose software applications and hardware that is kept up-to date with fast-moving technological change and support. ••</p>
<p><b>So that, by 2051 people can ...</b> Choose to live in an intensified central city or suburban hubs, with attractive and convenient amenities that encourage a healthy lifestyle and wellbeing + Be proud of living in a city that has responded to the challenge of climate change by adaptation of infrastructure and local communities + Live safely in a city where resilient infrastructure can be expected to withstand the effects of a rupture on the Alpine Fault of magnitude 8.0 and comparable natural disaster events + Adopt a lifestyle that generates low or zero emissions and where waste materials are dealt with in sustainable ways + Be assured that the city's water supply meets national standards for delivery, and that wastewater and stormwater management has a positive impact on the environment + Be confident that infrastructure is managed efficiently and invested in responsibly, and the costs are affordable and sustainable + Be satisfied that the city's infrastructure performs to agreed levels of service, is well-maintained, enhances community wellbeing, and minimises risks to health, environment and safety</p>			

## Appendix 2: Summaries of current asset condition

### Water supply

The Council supplies potable (drinkable) water through approximately 160,000 residential and business customer connections, through seven urban water supply schemes and six rural water supply schemes. Water supply is provided via 1,700 km each of mains and sub-mains; 108 reservoirs and tanks; 127 pump stations; 172 wells; seven stream intakes; and seven water treatment plants.

The Canterbury earthquakes did not impact on water supply assets to the same extent as wastewater. Repairs and temporary solutions were completed rapidly after the earthquakes to restore service. Although some renewals were completed as part of the SCIRT work, the \$160 million spent during the earthquake re-build accounted for 6% of the current overall valuation with:

- 96km of pipes repaired/replaced (equates to roughly 3% of total length of pipe network)
- 25 pump stations repaired/replaced.

Water supply infrastructure is monitored and controlled by an extensive communications system (Supervisory Control and Data Acquisition, or SCADA), which underpins the water supply network.

### Reticulation

The materials used to construct pipes greatly affects their life span. From 1890-1950, cast iron was the predominant pipe material, followed by asbestos cement from 1950 to the mid-1980s, and plastic from the mid-1980s to the present. The theoretical useful lives of cast iron pipes and asbestos cement are 120 and 60 years respectively, meaning that much of this initial network is approaching end of life, with estimated poor conditions. Asbestos cement water pipes are generally the least long-lived of the reticulation pipe materials, and these pipes make up the majority of the current expected pipe replacements for the next 30 years.

The number of unplanned interruptions to the water supply reticulation network is high compared to national benchmarks. This is an important indicator of a deteriorating reticulation network and the need for targeted pipe renewal.

### Station and treatment assets

There is a high proportion of station assets in very poor condition (29% with a condition grade of 5 under the AAIF framework). This is because station assets have been 'sweated' over extended periods rather than renewed. At a portfolio level, there is limited condition data held for treatment assets. The majority of treatment assets do not have a start-up date, and so we cannot judge their condition based on their age.

For further detail on asset condition, refer to the Water Supply Asset Management Plan (AMP).

### Performance

Fault response times and flow and pressure complaints have consistently been tracking better than target levels. Power costs per unit of water supplied are very low compared to national benchmarks due to the decentralised nature and ease of abstraction of Christchurch's groundwater bore sources.

In the 2017-18 reporting year, all Christchurch water supplies failed to meet the water quality standards for protozoa. Water supplies for 74% of the Christchurch population failed to comply with the Health Act requirements for safe drinking water supplies. This resulted in the Council chlorinating the city's water. Following the start of temporary chlorination in 2018, resident satisfaction dropped to just 37% in 2019 (compared with averages of between 84% and 92% in the preceding years). The drinking water regulatory environment in New Zealand is changing and there is a need for improvements to the water supply activity in order to keep up. This includes protozoal and bacterial compliance, as well as targeting leakage and backflow prevention.

### Implications for management of assets and Levels of Service

The Asset Assessment Intervention Framework (AAIF) is providing the evidence basis for the renewal profile of our reticulation assets, based on the criteria of condition, RMO (Repairs, maintenance and operation), degradation, and consequences of failure.

The SCADA system is due to be upgraded, with full replacement needed at older sites. Selection and testing of replacement design is planned; this will be followed by full-scale replacements.

Current operations and maintenance data is not easily used of for long-term decision making. This data needs to be better collected and updated, in order to support coordinated asset management planning across the network. Such data improvements will also help to refine the AAIF framework.

## Wastewater

The Council collects, treats, and disposes of wastewater from approximately 160,000 customers in Christchurch, Lyttelton, Diamond Harbour, Governors Bay, Akaroa, Duvauchelle, Tikao Bay and Wainui. This is done through 945 km of laterals; nearly 2,000 km of wastewater mains; 150 pump stations; 84 lift stations; and 34 odour control sites. We provide treatment at eight wastewater treatment plants and disposal via one outfall pump station, six ocean/harbour outfalls, and two land irrigation schemes. The majority (98%) of wastewater generated within Christchurch is serviced by the Christchurch wastewater network for treatment at the Christchurch wastewater treatment plant.

New pipework has recently been installed to enable wastewater from Lyttelton, Governors Bay and Diamond Harbour to be pumped to the wastewater treatment plant at Bromley, and allow the existing Lyttelton Harbour Basin treatment plant to be decommissioned. In order to allow the current Akaroa Harbour discharges to end, a treatment plant is under construction on a new site, which will allow land disposal for some or all of the effluent. Land disposal is also being investigated for Duvauchelle Bay. The wastewater treatment plant is our biggest single infrastructure asset in terms of replacement value - \$644 million.

### Asset condition and performance

SCIRT carried out a significant programme of assessment and rebuilding followed the earthquakes. By cost the \$1.6 billion expenditure during the earthquake re-build accounted for 32% of the current overall valuation with:

- 513 km of wastewater pipe were renewed, lined or repaired
- 84 pump stations installed, repaired or replaced

Some existing network catchments were also replaced by local pressure sewer systems and vacuum sewer systems. The SCIRT programme did not remediate all earthquake damage and many pipes with different levels of defects remain. The wastewater reticulation and treatment infrastructure is monitored and controlled by SCADA.

### Reticulation

A significant increase in the rate of installation of wastewater assets began in the 1950's, the majority of which was concrete gravity sewer reticulation. These older concrete pipes, along with earthenware pipes from the early 1900s, make up the majority of expected pipe replacements and planned renewals for the next 30 years. Concrete and earthenware pipes are brittle and compared to plastic pipes were more badly damaged

in the earthquakes. Concrete, including reinforced concrete, is also vulnerable to corrosion from sewage gas by-products and can degrade over time.

### Stations and treatment assets

There is a backlog of assets that are obsolete and beginning to fail, some of which are running on spare componentry gifted from other councils. Mechanical assets at terminal stations are old, have been overhauled several times, and require reactive repair and renewal. These are high-value assets where renewal includes a long lead-in time for design and construction. Some pump stations are degrading rapidly due to hydrogen sulphide gas (H<sub>2</sub>S). A new H<sub>2</sub>S monitoring programme is proposed in the Wastewater AMP.

Limited condition data is held for treatment assets. The Council has IAC (instrumentation, automation and control) software that has not been targeted for funding or sufficiently budgeted for over its history. This has led to a deficiency in the standards and quality of the systems in place that has yet to be fully resolved.

### Implications for management of assets and Levels of Service

The new condition grading process developed as part of the AAIF has significantly improved the condition profile of wastewater assets compared to what has been previously available in asset management plans.

Similar data management improvement measures as outlined for water supply, are also needed to improve the management of our wastewater assets.

## Surface water and waterways

Surface water and waterways covers the Council activities of stormwater drainage and flood protection and control works. The stormwater network collects and conveys stormwater during rainfall events. This is designed to work with secondary flow paths, which can include roads in larger storm events. The flood protection and control works activity delivers floodplain and stormwater management plan objectives, to reduce the harm from flooding to our community and to improve the quality of surface water.

Key physical assets include underground conveyance networks (including 915km of pipes, manholes, sumps, inlets, 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); 45 pump stations and water flow control devices and structures such as valve stations, 12km of stopbanks, tide

gates and basins; water quality treatment devices such as basins (710 basins/swales), wetlands, tree pits, raingardens and filtration devices; and hydrometric monitoring devices, measuring rainfall along with surface water, sea and groundwater levels.

### Asset condition and performance

The Canterbury earthquakes caused significant land displacement across the region resulting in damage to infrastructure and service disruption. During the re-build SCIRT expended \$160 million repairing or replacing damaged storm-water infrastructure, accounting for 8% of the current overall valuation.

As with the wastewater reticulation pipes, the older concrete pipes built in the 1950s make up a large proportion of expected replacements and renewals over the next 30 years. The proportion of brick and rock barrel pipes approaching end of life is a concern as these pipes are typically larger and of higher criticality, but also more difficult to repair than newer pipes.

The primary data source for determining condition grading is CCTV data that was recorded after the Canterbury earthquakes. Extensive CCTV inspections were carried out by SCIRT with 37% of the total network inspected. Although this is only approximately one third of the network, the Water New Zealand 2017-18 National Performance Review shows this to be the highest level of stormwater CCTV coverage in the country and more than seven times the national average of 5%. A challenge in using the condition data to its full extent is its increasing age. The current budget for CCTV has not allowed for follow-up inspection, meaning that decisions rely on inspections that date back to 2011.

There will be a significant peak in waterway lining reaching the end of its useful life in the next six to 10 years and again in 16 to 20 years. This is due to the large amount of timber lining installed by the then Drainage Board lining gangs in the 1970s and 1980s coming to the end of its 40-year useful life.

Christchurch stormwater pump stations range in age from one to 51 years (based on commissioning date). There are 50 individual pump stations located across the city. Following the earthquakes and subsequent recovery, new pump stations including associated stormwater treatment facilities, were constructed for residential areas and subdivisions. Despite this, over 90% of pumps are considered to have reached a 'fail' condition grade, due to the pumps being near to or exceeding the design base life of 40 years.

### Implications for management of assets and Levels of Service

The Land Drainage Recovery Programme (LDRP) was formed in 2012 to investigate the consequences of the earthquakes on the whole land drainage network, deliver capital works and develop processes to be included in normal operations. The \$1.2 billion programme comprises both operational expenditure (investigation) and capital expenditure (construction) components. Currently there are 13 committed capital works projects set to provide a response to the remaining areas of the city with a flooding risk. These, and the subsequent list of prioritised projects, are currently tracking to take longer than 30 years to complete.

The Council has seven Stormwater Management Plans, which are required under the Comprehensive Stormwater Network Discharge Consent (CSNDC) issued by Environment Canterbury, authorising the discharge of stormwater, and the acceptable contaminate limits. The plans detail what infrastructure is required to meet the consented water quality and quantity outcomes for a specific catchment, in order to meet the demands of growth.

The implementation of the AAIF is also underway to improve asset management maturity. It is operational for reticulation, determining renewals requirements through a multi-criteria assessment.

### Transport

The Council is responsible for the operation and maintenance of the transport network, maintenance and repairs of roads and footpaths, improvements and upgrades, and planning for the future. We own, plan and manage the 2,500 km local roading network that supports all transport activities. This includes:

- 2,200 km of sealed road, 300 km of unsealed road, 3,600 km of kerb and channel, 34,000 catchpits, and 2,600 km of footpath
- 350 road bridges, 116 foot bridges, and 1,600 retaining walls
- 38,000 street lights, 250 signalised intersections, 56,000 street signs
- 65,000 street trees and 10,000 landscaped areas
- 540 km of cycling/shared path network including on road cycle facilities (Greenway or cycle lanes), separated cycleways and shared paths
- 1,000 bus shelters, 4 km of tram line and 437 parking meters, 1 bus interchange and 1 parking building.

## Asset condition and performance

SCIRT works repaired or replaced 1,378,000 square metres of road damaged in the earthquakes; 144 bridges or culvert; and 181 retaining walls. Although much of the earthquakes-related damage has been repaired, the effects of the earthquakes on the condition of our transport assets is still evident. For example, condition modelling on our carriageways indicates that even with increased levels of operational expenditure and renewals funding, it will take between 10 and 20 years to return the assets to a condition that is on par with the national average.<sup>40</sup> The condition of our footpaths and structures has also been dominated by earthquake effects; although many have been restored there is a way to go.

Currently, 50% of our network of carriageways is beyond its expected life – many roads are rough, and customer satisfaction is very low. At the same time, growth and new subdivisions are resulting in increased traffic volumes and heavy vehicle use in certain locations, which is impacting the useful life of the carriageways and increasing maintenance costs.

Christchurch has areas of deep dish channel approaching end of life and needing replacement before further deterioration and ultimately, failure. There is a backlog of work, which will rise as the assets built in the 1950s near their end of life.

Currently the cycleways network is in a good condition, and is not detrimentally affecting performance. Most off-road cycleways have base layers are less than 30 years old and are therefore unlikely to need renewal for at least 50 years.

### Implications for management of assets and Levels of Service

The Council's asset management units are working to improve data collection systems and use of data. It is hoped this will provide a better understanding of the condition of some assets.

Significant future improvement projects, forming part of the Asset Management Improvement Programme (and outlined in further detail in the Transport AMP) are:

- Alignment with 2021 Government Policy Statement on Land Transport
- Knowledge transfer from experienced asset management practitioners
- One Network Framework implementation
- Transport asset risk.

## Facilities

### Community facilities

Community assets include a network of 82 community facilities, comprising community centres, halls, volunteer libraries and early learning centres across Christchurch and Banks Peninsula. This includes 63 community facility halls, 14 early learning centres, and five volunteer libraries, - eight of which are new assets built post-earthquakes and 12 have heritage status (some exceeding 140 years of age).

Many community facilities are ageing: 60% of assets exceed 50 years of age, and the average asset age of the portfolio is 60 years (with a 70-year useful life span). Deferred maintenance - due to lower operational and capital budgets than are optimal - and a reluctance to limit or reduce the portfolio, has impacted on the overall asset condition of the network and created an impending bow wave of assets with maintenance works required.

The Community Facilities Network Plan provides a framework for Council decision making on facilities across the city. It promotes community groups operating facilities, and a consistent approach to considering new facilities or changes in use (optimising asset utilisation), and recommends an increased focus on activation through partnership. The CFNP has found that the number of facilities provided by the Council, in conjunction with other providers such as churches and schools, cumulatively provide for a well-dispersed and adequate supply across Christchurch.

### Libraries

The network of 20 libraries (plus a mobile library service and digital platform) across the city and Banks Peninsula is in good condition, and has benefitted from a substantial programme and repairs and rebuilds following the earthquakes. Tūranga, the city's recently-completed flagship central facility has won awards for its innovative and sustainable design. The South Library is the only library still requiring completion of post-earthquake repairs (strengthening). A decision on the long-term future location and nature of a permanent Linwood Library facility may be required at a later point, subject to the ongoing suitability of the currently leased space in a retail mall. In recent years, libraries and walk-in Council customer services have co-located, in line with the Council's Citizen Hub Strategy.

<sup>40</sup> Note: This refers to a number of measures; the proposed increased LTP 2021-31 investment in resurfacing, will result in improved road smoothness, comparable to other major metropolitan centres, over 10 years.

## Other facilities

The Christchurch Art Gallery Te Puna o Waiwhetū, which opened in May 2003, as an activity also has responsibility for the 'Akaroa Museum Complex'. A repair and strengthening project of the Christchurch Art Gallery was completed in 2015, and a project to gather condition information for key building elements was completed in 2017.

The corporate accommodation portfolio also includes strategic land, storage, service centres, and parking buildings, the Bus Interchange, and the Tram Barn. The primary facility within the portfolio is the Christchurch Te Hononga Civic Offices building located at 53 Hereford Street in the central city. Ownership of the facility is split equally between the Council and Ngāi Tahu.

A key issue for Te Hononga Civic Offices and the Christchurch Art Gallery Te Puna o Waiwhetū is the decline in fuel source stock (land fill gas) from the Burwood Resource Recovery Park, which powers these facilities. It is estimated that the flow of gas extracted will fall to an unacceptably low volume, with an associated reduced quality, within three to five years from now (or earlier). We are undertaking an options study to determine the best future fuel source. Depending on the replacement fuel source selected, there could be a significant impact on operational expenditure (from a likely increase in the cost of an alternative fuel), and capital expenditure (from the cost of modifying or replacing existing supporting infrastructure).

## Community housing

The Council began its commitment to providing community housing (formerly referred to as social housing) for vulnerable people by building eight units in 1921 in Sydenham. Nearly a century later, this has grown to a stock of over 2,300 units and we are the second-biggest landlord in New Zealand. Where possible, provision is undertaken in partnership with others. The building of new community housing is rates-neutral.

Central government subsidies and low-interest loans financed the capital costs of a community housing boom from the 1960s-1980s. However, operational expenditure for maintenance fell on the Council, and time and budget deferrals have resulted in a bow wave of mid-century buildings being inadequately maintained to meet current regulations and expectations for safe and healthy homes (50% of the Council's asset base now exceeds 40-50 years of age and is at the point where midlife refurbishments are needed/expected).

The Ōtautahi Community Housing Trust was set up in 2016 to access supply contracts

from the Government to increase the amount of public housing. The Trust runs the day-to-day operation of the Council's community housing portfolio. We loaned the Trust \$30 million (2018) and a further \$25 million (2020) to build 215 new units and develop plans for a further 54 units.

## Implications for management of assets and Levels of Service

### Community facilities

The recently-adopted Community Facilities Network Plan highlights a need to capture further asset data to facilitate more advanced asset management analysis. It recommends an assessment of each Council-owned asset regarding its fitness for purpose and capital works requirements is undertaken.

The following improvements to asset planning processes are included and outlined in further detail in the Community Facilities asset plan:

- upgrading capture and storage of asset condition data
- advancing asset data storage
- investigating retrospective Building Information Management (BIM) data capture on existing assets.

### Community housing

The following improvements to planning processes are included in the Asset Management Improvement Programme in the Community [Social] Housing AMP:

- interpretation of asset data to inform advanced and prioritised works programmes
- prioritisation based on age and condition of assets, alongside demand, demographic and locational factors
- facilities infrastructure design project to assist building specifications
- planning for resilience to climate change, sea level risk and natural disaster events
- options and analysis on potential stimulus package for post-COVID-19 pandemic economic situation
- options and scenarios for growing the number of community housing units in Christchurch and potential funding source.

The new Community Housing Strategy 2021-2031, adopted in January 2021,<sup>41</sup> will inform the future direction of the portfolio. It reflects the need to think more broadly about assisted, including social, housing in Christchurch in order to meet future demand for it.

<sup>41</sup> Christchurch City Council, Draft Community Housing Strategy, 2021, version for community consultation, <https://ccc.govt.nz/assets/Documents/Consultation/2020/10-October/STR3766-Draft-Community-Housing-Strategy-booklet-WEB.pdf> (final, adopted version awaiting upload to web, as at 1/2/2021)

## Parks

The Parks Unit manages around 1,250 sites, covering over 9,378 hectares<sup>42</sup> of park land and improvements (with a land value of \$771 million).

The Parks portfolio of assets includes the following:

- Community parks
- Local neighbourhood parks
- Garden and heritage parks
- Sports parks
- Cemeteries
- Botanic Gardens
- Hagley Park and Ngā Puna Wai
- Regional Parks
- Parks foreshore (marine access assets)
- Residential Red Zone
- Heritage/taonga items that are located on Council parks, such as: Council-owned items listed in District Plan-schedules, artworks, monuments, clock mechanisms, ornamental fountains, museum collections, archaeological artefact collections and plaques.

## Asset condition and performance

We face issues with the continual growth and development of new green space and improvement of assets: these need to be added to the existing, deteriorating asset base, and the need to find operational expenditure to maintain them adequately places significant pressure on operational and capital budgets. Another pressure on these budgets is the fact that Council's parks do not generate income and are therefore unable to offset the long-term cost of maintenance and renewal.

The expected life for constructed assets typically varies from five to 100 years. Due to the varied nature of the assets it is very difficult to accurately predict their design lives. On the basis of modelled data, it is reasonable to assume that there will a significant peak in some assets reaching the end of their useful life within this 30-year LTP period. This data was gathered either on the basis of physical inspection, or by estimating the remaining useful life based on install dates and in some cases, where the install dates are not known, based on the average known install date for that asset type.

<sup>42</sup> Christchurch City Council, Parks Asset management Plan, August 2020

For Parks Heritage assets, the overarching Our Heritage Our Taonga Heritage Strategy 2019-2029 sets out goals and actions for all of our heritage assets (not only Parks Heritage). The Strategy has goals to best manage and preserve our heritage, in its many forms, in Christchurch and Banks Peninsula. For Parks Heritage assets, age profiling and the standard renewals lifecycle approach is not applicable for heritage assets as for other assets.

## Implications for management of assets and Levels of Service

The following improvements to data quality are included and detailed in the Parks and Foreshore AMP:

1. ongoing condition assessment of assets, predominantly building condition
2. finding solutions as to how refurbishment works completion updates asset condition
3. facilitating more advanced data analysis once data is captured.

For Parks Heritage assets (i.e. those parks that have recognised heritage values and are dealt with separately in asset planning) a number of improvement tasks have been identified:

1. transferring all heritage building assets to the same profit centre
2. verifying and completing data collection for all Parks Heritage assets
3. completing an Asset Management Maturity assessment for Parks Heritage Management
4. reviewing and developing maintenance plans.

## Information technology

Information Technology assets provide IT enablement for the delivery of services across the Council. Key activities delivered by IT include:

- Technology enablement (e.g. per annum - 4.5 million library book issues; 650,000 calls or email to contact centre; 126,000 requests for services (40% on digital channels); and 1.8 million web site visits, and supporting \$13 billion worth of city assets).
- Information and records management services (over 17.5 million official digitised records, more than 30,000 cartons containing historical paper records and 1,600 linear meters of Council archival material).
- Asset and infrastructure management (including over 3,500 user devices; third party Infrastructure as a Service (IaaS) operating 600+ line of business applications; and a secure and resilient data network across the city, which connects over 70 council facilities, is used for critical services such as water and waste and Christchurch Transport Operations Centre, and free Wi-Fi access at Council facilities).
- IT support services
- Cyber Security Programme and operational services.

The Council engages a number of contractors to deliver IT services, outsourcing tasks or service assets that are not part of our core business. Increasingly, service outcomes are better delivered by a party specialised in that area, freeing up IT to focus on higher-value business services. There is likely to be continued shift to cloud-based services in the future.

### Asset condition and performance

Asset condition is generally not measured in the same way as it is for other asset types. The useful life of IT assets is a lot shorter than most other assets across other asset classes. For example, the average lifespan of the desktop fleet is four years, necessitating a continual cycle of replacements.

### Implications for management of assets and Levels of Service

The utilisation of assets is likely to change as a result of demand, leading to potential gaps Service and increased maintenance and renewal costs. Asset utilisation will need to be monitored more effectively so that trends, issues and solutions can be identified to respond to demand changes.

The Council does not have a comprehensive performance and utilisation monitoring solution in place across all IT assets, however we are able to monitor utilisation of different asset groups via various methods. We are currently reviewing a number of software solutions that would enable Council to accurately monitor, assess and forecast asset investment.

## Solid waste and resource recovery

The vision of the Council's statutory Waste Management and Minimisation Plan 2020 is, a city of opportunity where nothing is wasted. This will be achieved by education initiatives, kerbside collections services, a used products reuse facility, an organics processing plant, a materials recycling facility, and transfer stations and community collection facilities - in order to minimise residual waste before it is sent to landfill. These activities support a healthy environment and sustainability of resources by facilitating education, reuse, recycling and composting.

Assets covered under the Resource Recovery portfolio are largely 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 organic processing plant, the regional landfill (Kate Valley, of which the Council is a 39% shareholder of owning body Transwaste Canterbury Ltd), the Burwood Landfill – gas collection and treatment plant, and 50 closed landfills owned by the Council (there are a further 80 closed landfills across the district).

We provide both kerbside and drop-off facilities for residential waste, organics and recycling. Traditional council-run landfills, where residents could discard unwanted material directly to the tipping face, have been replaced with high tech collection and resource recovery systems with any residual waste now sent to Kate Valley, which is owned by joint venture between Canterbury Councils and Transwaste Canterbury Ltd. Council owns the Materials Recovery Facility and the land and buildings at the Organics Processing Plant, however both are operated and maintained under contracts. Waste collection is managed through a service contract, which includes provision of the bin infrastructure and the fleet.



## Recent developments

The Canterbury earthquakes led to a rise in waste that peaked in 2014, when most earthquake work was being completed, and has slowly started to decline. With the economic downturn effects of COVID-19, waste has dropped off quickly and will only slowly rise as the economy improves. Waste levels generally fluctuate in relation to economic growth and downturn.

The collapse of international models for low-grade recyclables will mean increasing costs and a dependency on NZ market to respond with viable alternatives for waste and resource recovery. The Council is working with central government, industry and other territorial authorities to ensure investment decisions enable a shift towards a circular economy focused on diversion of resources from landfill.

‘Excessive, wasteful consumption and new composite products are overwhelming our ability to recycle or compost’. During 2019 various new national waste reduction and minimisation initiatives were announced by the Government. These include expanded product stewardship and priority products initiatives, a proposed container return scheme, restrictions on certain plastic products, and a review of the landfill levy.

The Council must consider the impacts of carbon emissions generated by our collections fleet and processing facilities. Also, many of our facilities and closed landfills are vulnerable to anticipated changes in sea level and associated impacts.

## Asset condition and performance

The ageing infrastructure across the city’s transfer stations poses an issue as many of the buildings and plants are nearing their end of life. See the Resource Recovery AMP for further detail on this.

Closed landfills present a significant risk, with unknown conditions and resilience challenges. The Council is currently undertaking an assessment on known closed sites to better understand the costs and requirements for remediation, to inform a closed landfill prioritisation process.

EcoCentral has received a government grant to upgrade the Materials Recovery Facility and improve the processing of recyclables. The Council is investing in upgrades at the Organic Processing Plant to better control odour emission and improve the processing capacity.

<sup>43</sup> Strategic Asset Management Plan, June 2020 data

## Implications for management of assets and Levels of Service

The Council must review its Waste Minimisation and Management Plan (WMMP) at least every six years, with the latest iteration completed in 2020. The WMMP outlines the Council’s strategy and approach towards resource recovery services, and establishes demand for collection and waste processing facilities. The Plan’s focus areas over the next six years are: maximising composting of organics; maximising recycling of recyclable materials; safe management of hazardous substances; showing leadership and innovation across the sector; and delivering effective resource recover education and communication.

## Appendix 3: Value of our asset portfolio

Asset class	Replacement Cost (Excludes Land)	Replacement Cost % of Portfolio
Transport	4,146,014,977	24.6%
Three Waters & Resource Recovery	10,409,980,882	61.9%
Parks	796,141,288	4.7%
Facilities	1,259,234,960	7.5%
IT	164,501,843	1.0%
Other	53,341,890	0.3%
	<b>16,829,215,840</b>	<b>100%</b>

Asset Portfolio Replacement Cost<sup>43</sup>

## Appendix 4: Overarching assumptions for the Infrastructure Strategy

Assumption	Level of uncertainty and reason/s for this and implications/risks
<p><b>Growth/population</b></p> <p><i>NB growth projections are likely to change in early 2021 as a result of updated StatsNZ population projections, based on the 2018 census.</i></p>	
<p>The population of Christchurch City will continue to grow, reaching around 490,000 by 2051.<sup>44</sup></p>	<p>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.</p> <p>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.</p> <p>The Council must plan for growth and provide the right infrastructure at the right time to service growth demand.</p> <p>Planning and delivery of infrastructure to service growth development is under constant review and adjusted through the LTP and Annual Plans where required.</p>
<p>The population of the Selwyn district is projected to grow by 42,000 to reach 110,000; Waimakariri district is projected to grow by 23,500 to reach 89,000 – both by 2051.</p>	<p>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.</p> <p>Many residents from neighbouring districts work in Christchurch, which adds to demand on our infrastructure and particularly our road network, as well as our community infrastructure such as sports facilities, pools etc.</p>
<p>The number of households in Christchurch City will continue to grow, reaching around 197,000 by 2051.</p>	<p>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.</p> <p>The Council must plan for growth and provide the right infrastructure at the right time to service growth demand.</p> <p>Planning and delivery of infrastructure to service growth development is under constant review and adjusted through the LTP and Annual Plans where required.</p>
<p>The average household size is will decrease over time, resulting in a decrease from 2.5 to 2.4 persons per household between 2028 and 2033. Eighty per cent of household growth will be in one and two-person households.</p>	<p>There is a low level of uncertainty regarding this assumption; it is based on 2017 household projections (StatsNZ) and reflects trends that occur with an ageing population.</p> <p>This will result in changes in average household demand on infrastructure and for services.</p> <p>Planning and delivery of infrastructure to service growth development is under constant review and adjusted through the LTP and Annual Plans where required.</p>

<sup>44</sup> This is a hybrid growth scenario based on Stats NZ medium-growth projections for Christchurch for years 1-10 and the medium growth projections with Our Space's policy direction (70% of total growth across Greater Christchurch directed to Christchurch City) for years 11-30

Assumption	Level of uncertainty and reason/s for this and implications/risks																																				
<p>The population will age. The number of people aged over 80 years will be around 45,000 by 2051 (almost tripling the current number of people).</p>	<p>There is a low level of uncertainty regarding this assumption; it is based on StatsNZ December 2016 population figures and Our Space 2018-48 settlement pattern projections.</p> <p>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.</p> <p>Older residents are more likely to be on fixed incomes and be more sensitive than other residents/ households to increased Council costs including rates.</p>																																				
<b>Financial</b>																																					
<p>Inflation will be as forecast in the BERL local government cost adjusters 2020. The assumed inflation rates by year for the 2021/31 period are:</p> <table border="1" data-bbox="125 667 797 930"> <thead> <tr> <th></th> <th>Opex</th> <th>Capex</th> <th></th> <th>Opex</th> <th>Capex</th> </tr> </thead> <tbody> <tr> <td><b>2021/22</b></td> <td></td> <td></td> <td><b>2026/27</b></td> <td>2.4</td> <td>2.6</td> </tr> <tr> <td><b>2022/23</b></td> <td>2.10</td> <td>2.30</td> <td><b>2027/28</b></td> <td>2.5</td> <td>2.7</td> </tr> <tr> <td><b>2023/24</b></td> <td>2.20</td> <td>2.40</td> <td><b>2028/29</b></td> <td>2.7</td> <td>2.8</td> </tr> <tr> <td><b>2024/25</b></td> <td>2.30</td> <td>2.50</td> <td><b>2029/30</b></td> <td>2.7</td> <td>2.9</td> </tr> <tr> <td><b>2025/26</b></td> <td>2.4</td> <td>2.5</td> <td><b>2030/31</b></td> <td>2.6</td> <td>2.7</td> </tr> </tbody> </table> <p>Inflation following this period is assumed to be:</p> <p>Opex annual: 2.2</p> <p>Capex annual: 2.3</p>		Opex	Capex		Opex	Capex	<b>2021/22</b>			<b>2026/27</b>	2.4	2.6	<b>2022/23</b>	2.10	2.30	<b>2027/28</b>	2.5	2.7	<b>2023/24</b>	2.20	2.40	<b>2028/29</b>	2.7	2.8	<b>2024/25</b>	2.30	2.50	<b>2029/30</b>	2.7	2.9	<b>2025/26</b>	2.4	2.5	<b>2030/31</b>	2.6	2.7	<p>There is a low-medium level of uncertainty regarding this assumption. The level of inflation is managed through 3-yearly LTP adjustments.</p>
	Opex	Capex		Opex	Capex																																
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<p>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.</p>	<p>There is a moderate level of uncertainty regarding this assumption. 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.</p> <p>Decisions on what projects will be funded through the National Land Transport Fund will not likely be confirmed until after 30 June 2021, and this means there is some uncertainty around funding for some projects.</p>																																				
<p>The Council will retain access to, at the least, the level of insurance cover it currently has on its infrastructure and facilities. The Council will have the ability to increase cover if it deems this to be financially prudent.</p>	<p>There is a low-medium level of uncertainty regarding this assumption – the Council has no control over external factors that may affect access to insurance.</p>																																				

Assumption	Level of uncertainty and reason/s for this and implications/risks
<p>The Council will receive funding from central government towards ‘shovel-ready’ infrastructure projects, as part of the Government’s stimulus package response to the economic effects of COVID-19. Funding confirmed to date (November 2020) is for the completion of six cycle routes, resulting in \$90.8 million included in the capital programme over the first three years of the LTP.</p>	<p>There is a low level of uncertainty regarding the assumption that the Council will receive funding for the six cycleways the Government has already committed to.</p> <p>However, there is a medium-high level of uncertainty regarding any assumed funding for the remainder of the \$818 million of projects submitted by the Council, as decisions have not yet been made regarding them. Any further funding confirmed will be included in Council LTP or AP documents as appropriate.</p> <p>The latter creates uncertainties in planning and prioritising projects: delivery of some other infrastructure projects may need to be pushed back, to enable earlier than planned completion of ‘shovel ready’ ones. Also, increased demand on contractors to deliver projects may impact on pricing, and labour force or materials availability.</p>
<p>The Council will receive funding from central government for infrastructure projects from the Christchurch Regeneration Acceleration Fund, as follows:</p> <ul style="list-style-type: none"> <li>- \$40 million for developing the Green Spine through the Ōtākaro Avon River Corridor red zone.</li> <li>- \$40 million for improving roads and footpaths, safety initiatives, and bus priority measures on key public transport routes.</li> <li>- \$220 million for the Canterbury Multi-Use Arena.</li> </ul>	<p>There is a low level of uncertainty regarding the assumption that the Council will receive funding, as the Government has committed to this.</p>
<p>The Council will receive funding from central government (around \$20 million + a share of a regional grant) to spend on three waters infrastructure and service delivery, as part of stage one of the Government’s three waters reforms.</p>	<p>There is a low level of uncertainty regarding this assumption. The Council has signed an MOU with the Government to enter into discussions as part of stage one (this was a condition of receiving this funding).</p>

Assumption	Level of uncertainty and reason/s for this and implications/risks
<b>Environmental/natural hazards</b>	
<p>Climate change occurs following the IPCC scenario, representative concentration pathway (RCP) 8.5, as per <i>MfE recommendations</i><sup>45</sup>, <i>National Climate Change Risk Assessment methodology</i><sup>46</sup> and <i>NIWA projections</i><sup>47,48</sup>: increased frequency and intensity of storm events; more intense and frequent extreme rainfall events; increased number of landslides and worsening erosion; more severe droughts.</p> <p>Average temperature rise of 0.5°C to 1.5°C by 2040, and 3.0°C hotter by 2090 (average maximum temperatures up to 3-4°C hotter by 2090 and average minimum temperatures 1-2°C hotter by 2090); more very hot days (&gt;25°C); more fire hazard days; more frequent and extreme high winds; fewer frosts; annual rainfall similar to current, but seasonally shifted and concentrated into extreme events.</p>	<p>There is a low-medium level of uncertainty regarding this assumption in the first 30 years, a medium level of uncertainty for 50 years, and a medium-high level of uncertainty for 100 years.</p> <p>This is due to flat early exponential trend and similarity of different scenarios in short to medium term (and steepening/diverging trends in longer term). If the changes are different from what is predicted, this will be assessed as it becomes evident.</p>
<p>Projected sea level rise of 0.3m by 2050, 0.5m by 2075 and 1m by 2115; shallow groundwater also expected to rise in coastal areas and near tidal reaches of rivers.</p> <p><i>(MfE recommendations and 2017 Coastal Hazard Assessment for Christchurch and Banks Peninsula, Tonkin and Taylor based on IPCC RCP 8.5, as used in National Climate Change Risk Assessment)</i></p>	<p>There is a low-medium level of uncertainty regarding this assumption in the first 30 years, a medium level of uncertainty for 50 years, and a medium-high level of uncertainty for 100 years.</p> <p>The further into the future we look, the more there is uncertainty in the IPCC scenarios. Continuing to monitor and adapt to the impacts of natural hazards on our infrastructure and communities, will need to be a priority for the Council. Christchurch is the most at-risk city in New Zealand from the effects of sea level rise. We have significant infrastructure that will be affected by the assumed sea level rise. The Council's approach to how it will respond to rising sea level will evolve as it gains increased understanding of the threat and of options available to adapt to that threat.</p>
<p>There is a 30% chance of a rupture on the Alpine Fault of magnitude 8.0 in the next 50 years.</p>	<p>There is a medium level of uncertainty regarding this assumption. This is based on scientific modelling - GNS Science, Alpine Fault, <a href="https://www.gns.cri.nz/Home/Learning/Science-Topics/Earthquakes/Major-Faults-in-New-Zealand/Alpine-Fault">https://www.gns.cri.nz/Home/Learning/Science-Topics/Earthquakes/Major-Faults-in-New-Zealand/Alpine-Fault</a></p> <p>What is <b>not</b> known is the extent and degree of the impacts of an AF earthquake - therefore the risk in this sense is not well understood. Other, local earthquakes may be more damaging. However, building infrastructure to seismic design standards recommended by seismic engineers <i>should</i> cover what is needed to mitigate the risk.</p>

<sup>45</sup> <https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/coastal-hazards-guide-final.pdf>

<sup>46</sup> <https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/national-climate-change-risk-assessment-main-report.pdf>

<sup>47</sup> NIWA Client Report 2016160AK, Climate Change and Variability- Ngāi Tahu, Pearce, P.R, Tait, A., Bell, R.G., Mullan, A.B., Paul, V., Law, c., Collins, D., Zammit, C, Sood,A.

<sup>48</sup> NIWA client report 2019339WN, Climate Change Projections for the Canterbury Region, February 2020, Macara, G., Woolley, J-M., Pearce, P., Wadhwa, S., Zammit, C., Sood, A., Stephens, S.

Assumption	Level of uncertainty and reason/s for this and implications/risks
<b>Assets and services</b>	
Demand for services will grow in line with a growing city.	There is a low level of uncertainty regarding this assumption. Low risk of infrastructure development misaligning with demand.
The Council will continue to own three waters assets, and deliver these services, over the life of the LTP.	There is a high level of uncertainty regarding this assumption. Central government announcements and funding indicate that the service delivery model and funding for three waters will be required to reform. It is highly likely that we will be required to move towards a regional, arms-length service model, for water supply and wastewater within five years. This could impact on the Council's respective investment decisions in the short-medium term.
We will retain ownership of our assets.	<p>There is a medium level of uncertainty regarding this assumption. Significant decisions within the 30 year period of the Infrastructure Strategy may see the Council divest and/or gain assets and/or ownership and responsibility for assets, particularly in light of three waters reforms (above). Change in ownership of infrastructure assets could affect revenue, expenditure and debt levels, asset planning and investment decisions and levels of service.</p> <p>Most Council assets of any significance are listed as strategic assets in the Council's Significance and Engagement Policy, which means the Council needs to include any proposal to sell or dispose of these assets in its draft LTP and therefore undertake a special consultative procedure on any such proposal.</p>
<b>Legislative</b>	
Changes to legislation and policy during the development of the Infrastructure Strategy will impact on the management of our assets and delivery of services.	There is a low level of uncertainty regarding this assumption. We know there will be changes to legislation and national policy, including wide-scale reform of resource management legislation.

## Appendix 5: 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.

Surface water and waterways			
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	



Transportation			
<i>Asset type</i>	<i>Theoretical useful life</i>	<i>Where does the asset sit in its life cycle</i>	<i>Level of uncertainty (if applicable)</i>
Carriageways	At least 80 years 'economic life'	50% beyond expected life	
Drainage (kerb and channel)	Concrete – 80 years	Approx 135 km (of total 3,500 km) beyond expected life (as at October 2019)	
Footpaths	Asphaltic concrete – 25 years Concrete – 80 years	Approx 300 km (of total 2,580 km) of asphaltic concrete beyond expected life	
Bridges	Concrete, steel – 100 years Timber – 70 years		
Retaining walls	50 years		
Cycleways	80 years approx	Majority of off-road cycleways are less than 30 years old and in good condition	

Resource Recovery			
<i>Asset type</i>	<i>Theoretical useful life</i>	<i>Where does the asset sit in its life cycle</i>	<i>Level of uncertainty (if applicable)</i>
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	25 years	Varied	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, fountains, play surfaces, backflow	10-20 years	Varied	
Fence, hedge, tree planter	30 years	Varied	
Boat ramp, car park, stairs, track, shelter	35 years	Varied (but hard surfaces asset group has highest proportion of poor condition assets; requires prioritised attention in the next 10 years)	
Boardwalk, gate, flagpole, bollard, viewing platform, cattle stop	40-50 years	Varied	
Bridge, jetty, retaining wall, water tower, terraces, culvert	60-80 years	Varied	
Heritage assets	N/A	Varied	High level of uncertainty, as it can be difficult to estimate useful lives, which in some cases could be several hundred years. The standard renewals lifecycle approach is not applicable to heritage.

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 1960s; these are due for mid-life refurbishments in the next few years	Low level of uncertainty
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		

## Appendix 6: Infrastructure-relevant strategies and plans

<b>Key strategies and plans that direct or influence infrastructure planning and provision</b>	
<p>There are numerous other Council strategies and management plans that may influence or need to be taken into account in infrastructure planning – the full list can be found here: <a href="https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/find-a-plan-strategy-policy-or-bylaw">https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/find-a-plan-strategy-policy-or-bylaw</a></p>	
<p><u>Canterbury Regional Land Transport Plan 2015-2025</u>, reissued 2018 (Environment Canterbury Regional Land Transport Committee) 2021 version currently in development</p>	<p>Published every three years as the Canterbury region’s bid for the National Land Transport Programme funding. This enables the Council to receive funding from Waka Kotahi. The document outlines the agreed priorities for the regional transportation network, and the challenges we face now and in the future.</p>
<p><u>Canterbury Regional Policy Statement</u> (Environment Canterbury, 2013, republished 2020)</p>	<p>Supports the city’s intensification targets, providing higher density developments (including mixed use) and a greater range of housing types, particularly in and around the Central City, Key Activity Centres, and larger neighbourhood centres, and in greenfield priority areas and brownfield sites. Directs that intensification development within the Central City achieves an average of 50 households per hectare.</p>
<p><u>Canterbury Regional Public Transport Plan 2018-2028</u> (Environment Canterbury, 2018)</p>	<p>Describes future services proposed to meet the needs of new and existing customers and the policies which those services will operate by, and the partnership model in place with operators and local territorial authorities.</p>
<p><u>Central City Action Plan</u> (Christchurch City Council, 2018)</p>	<p>Aims to encourage people back to the central city, through bringing together a range of regeneration projections and activities.</p>
<p><u>Christchurch District Plan</u> (Christchurch City Council, operative from 19 December 2017)</p>	<p>Regulates spatial planning across the district and thus influences infrastructure location, provision and requirements to support development.</p>
<p>Christchurch Transport Plan (currently being developed, Christchurch City Council)</p>	<p>The Plan will set the 30-year transport vision for Christchurch City, with an immediate focus on the next 3-10 years. The new Plan will address key challenges of reducing emissions, improving road safety, the impacts of an over-dependence on private vehicles, and the need to create people-centric streets that make the city attractive to live in, work and visit.</p>
<p>Government Policy Statement on Land Transport (Ministry of Transport, 2020)</p>	<p>Sets the Government’s priorities for land transport investment over a 10-year period, and how money from the National Land Transport Fund (NLTF) is spent on activities such as public transport, state highway improvements, local roads, and road safety. Local authorities need to ensure spend on transport reflects Government priorities outlined by the GPS.</p>
<p><u>Citizen Hub Strategy</u> (Christchurch City Council, 2015)</p>	<p>Sets out direction for how and where we enable citizens’ interaction with the Council regarding services, including whether it is digital or facility-based.</p>
<p>Climate Change Strategy (draft under development, with community views being sought on it as part of the consultation on the proposals in the draft LTP 2021-31, Christchurch City Council, 2020)</p>	<p>Identifies goals and action programmes to guide the Council’s response, along with its communities, to addressing the impacts of climate change, including a first step of identifying infrastructure that is vulnerable to sea level rise and other impacts, to inform community discussions and asset planning.</p>

<a href="#">Community Facilities Network Plan</a>	<p>Maps out Council-owned and community-owned facilities across the city so that we can work with the community to make the most of each facility in the network, and identify and support opportunities for the community to activate, operate or own facilities.</p> <p>The Plan does not identify any closures and recognises future consideration should be given to the effects of any further population increases to the south west and north of the city.</p>
<a href="#">Community Housing Strategy 2020-2030</a> (Christchurch City Council, adopted January 2021; final draft link - adopted version awaiting upload to web)	Identifies the strategic roles and actions for the Council so we can help ensure sufficient community housing is provided for in Christchurch.
<a href="#">Mahaanui Iwi Management Plan</a> (Ngāi Tahu, 2013)	Guides councils and other agencies' decisions about the environment and protection of resources, and infrastructure provision, by providing valuable insight to Ngāi Tahu values, issues and aspirations for the recognition, protection and management of taonga (treasures) and cultural interests.
<a href="#">National Policy Statement on Freshwater Management</a> (Ministry for the Environment, 2020)	Sets quality and quantity targets for freshwater - raising standards for infrastructure such as stormwater assets, in particular.
<a href="#">National Policy Statement on Urban Development</a> (Ministry for the Environment, 2020)	Requirement for infrastructure to service anticipated growth (medium and long-term) by supporting the provision of sufficient development capacity to meet expected demand for housing and business land.
<a href="#">Ngāi Tahu Rangatiratanga over Freshwater</a> (Te Runanga of Ngāi Tahu, 2019)	Sets out strategic intent of: establishing Ngāi Tahu title over freshwater in the takiwā ; establishing a regulatory authority; and securing Ngāi Tahu fiscal authority over freshwater in the takiwā.
<a href="#">New Zealand Coastal Policy Statement</a> (NZCPS)(Department of Conservation, 2010)	<p>Statutory framework, which directs Councils to give effect to policies specific to the identification, avoidance and management of coastal hazards; including ensuring that coastal hazard and climate change risks are managed by locating new development away from vulnerable areas prone to such risks, considering responses including manage retreat for existing development; and protecting or restoring natural defences to coastal hazards.</p> <p>The <a href="#">Canterbury Regional Policy Statement</a> (2013) gives effect to the NZCPS and sets out objectives, policies and methods for district plans. This will be reviewed by Environment Canterbury in 2023, alongside the <a href="#">Regional Coastal Environment Plan</a> (2005).</p>
<a href="#">Ōtākaro Avon River Corridor Regeneration Plan</a> (Regenerate Christchurch, 2019)	Sets our vision and objectives for future use of the 602 hectares of red zone in east Christchurch: implementation requires key infrastructure provision of stormwater management areas, stopbanks, open spaces and amenity, and transport links.
<a href="#">Our Heritage, Our Taonga – Heritage Strategy 2019-2029</a> (Christchurch City Council, 2019)	Sets out how we intend to work in ongoing partnership with Ngāi Tahu and in collaboration with our communities to identify, protect and celebrate heritage - including the built and natural environment, tangible and intangible heritage, including stories, memories and traditions, and movable heritage.
<a href="#">Our space 2018-2048: Greater Christchurch Settlement Pattern Update</a> (Greater Christchurch Partnership, 2018)	Outlines land use and development proposals to ensure there is sufficient development capacity for housing and business growth across Greater Christchurch to 2048, and thereby influences the location, timing, provision of infrastructure to support land use and development.

<u>Public Open Space Strategy</u> (Christchurch City Council, 2010)	Provides a framework to guide provision and development of public open space within Christchurch and Banks Peninsula, taking into account the protection of outstanding (natural and cultural) features and landscapes the demands and pressures of increasing urban density, demographic and lifestyle changes, environmental costs and effects.
Spatial Plan for Christchurch (Christchurch City Council, under development)	Once completed, the Spatial Plan will establish the steps required to achieve our desired urban form, and show what this will look like spatially. It will show how and where we are accommodating growth through intensification, incorporating our green space, public space and environmental aspirations; the services and infrastructure needed to support intensification; and the integration of transportation modes and residential development.
Sports Facilities Network Plan (under development, Christchurch City Council, 2019)	Considers current and future residents' needs for next 30 years with regard to quantity, style, size, quality and location of sports facilities to ensure they are fit-for-purpose for changing expectations and financially, environmental and socially sustainable.
<u>Te wai ora o tāne Integrated Water Strategy</u> (Christchurch City Council, 2019)	Tasks the Council with taking all possible action to minimise nitrate incursion and other contaminants into groundwater sources; managing and adapting to flooding risk and sea-level rise; and managing assets in an integrated manner including stormwater networks.
<u>Waste Management and Minimisation Plan</u> (Christchurch City Council, 2020)	Delivering on five key groups of actions will impact on infrastructure capacity and capability: maximising composting of organics; maximising recycling of recyclable materials; safe management of hazardous substances; show leadership and innovation across the sector; and deliver effective resource recover education and communications.

## Appendix 7: Government and regulatory influences

Meanwhile, our city must keep step with regulatory changes and the direction set by the Government. For the next few years, regulatory changes in the three waters areas look likely to dominate the landscape. Our infrastructure must be fit for purpose and our investment decisions should be geared towards achieving this. More detail on the issues Council faces in managing the rapidly changing regulatory and commercial environment can be found in the significant infrastructure issues section of this Strategy. However, anticipated reforms are briefly summarised here.

### *Resource Management Act Review*

In July 2019 the Environment Minister launched a review of the Resource Management Act (RMA) to cut complexity and costs and better protect the environment. The scope includes spatial planning, which has the potential to help make better and more strategic decisions about resources and infrastructure over longer timeframes.

In July 2020, the Resource Management Review Panel released its report and recommendations on RMA reform. The recommendations included repealing the RMA and replacing it with three new Acts: the Natural and Built Environments Act, the Strategic Planning Act, and the Managed Retreat and Climate Change Adaptation Act.

The Urban Development Act 2020 provides for streamlined consenting powers for Kāinga Ora (the Crown Agency responsible for implementing the Government's housing and urban development agenda), for urban development projects.

### *Managed Retreat and Climate Change Adaptation Act (proposed)*

The planned Managed Retreat and Climate Change Adaptation Act includes powers to change established land uses, and provide for compensation/funding mechanisms to address adaptation and reduction of risks from natural hazards.

### *Climate Change Response (Zero Carbon) Amendment Act 2019*

In 2019, the Government amended the Climate Change Response Act 2002 to enable decision makers to take New Zealand's net zero emissions by 2050 target into account. It is reasonably likely that the courts will find that the 2050 target, emissions budgets, and emissions reduction plans (once they are produced) are relevant to a range of central and local government decisions (and potentially a mandatory consideration in some cases).<sup>49</sup>

### *National Policy Statement for Urban Development*

This provides direction to councils about when and how cities should plan for growth and how to do this well. It aims to remove unnecessary restrictions on development, to allow for growth 'up' and 'out' in locations that have good access to existing services and infrastructure. The final NPS for Urban Development came into effect in August 2020, replacing the NPS – Urban Development Capacity.

### *New Zealand Infrastructure Commission/Te Waihanga Bill 2019*

This Bill establishes the New Zealand Infrastructure Commission/Te Waihanga as an autonomous Crown entity. The Commission will be mandated to develop a long-term national infrastructure strategy, working with central and local government as well as the private sector with a view to tackling the systemic problems the sector has faced for many years.

### *National Policy Statement for Freshwater Management*

This will direct regional councils, in consultation with their communities, to set objectives for the state of fresh water bodies in their regions and to set limits on resource use to meet these objectives. It is proposing new requirements that would:

- strengthen Te Mana o Te Wai as the framework for freshwater management
- better provide for ecosystem health (water, fish and plant life)
- better protect wetlands and estuaries
- better manage stormwater and wastewater, and protect sources of drinking water
- control high-risk farming activities and limit agricultural intensification
- improve farm management practices.

<sup>49</sup> Infrastructure: review, reform and recover, September 2020, Simpson Grierson, [links.simpsongrierson.com/assets/pdf/Simpson-Grierson-Infrastructure-review-reform-and-recover\\_Sept2020-web.pdf](https://links.simpsongrierson.com/assets/pdf/Simpson-Grierson-Infrastructure-review-reform-and-recover_Sept2020-web.pdf)

### Water Services Bill (introduced to Parliament late 2019)

The Bill will introduce a new regulatory framework for drinking water supplies. A new water regulator will be established to oversee the regulatory regime - the scope, roles and institutional form of which will be decided by Cabinet. The Council engaged in the first phase of the reforms, signing a non-binding Memorandum of Understanding (MoU) with the Government in August 2020, by which we commit to sharing information on our water network and services with the Government and neighbouring councils, and to working constructively with the Government and other parties on how three water services could be delivered in a more financially sustainable way. As part of the MoU, we received a stimulus investment grant of \$20.26 million from the Government to spend on three waters infrastructure and service delivery, and will receive a further \$20 million as works are progressed. The extra funding will enable the early delivery of a significant amount of 'shovel-ready' work on Christchurch's water supply and wastewater networks.

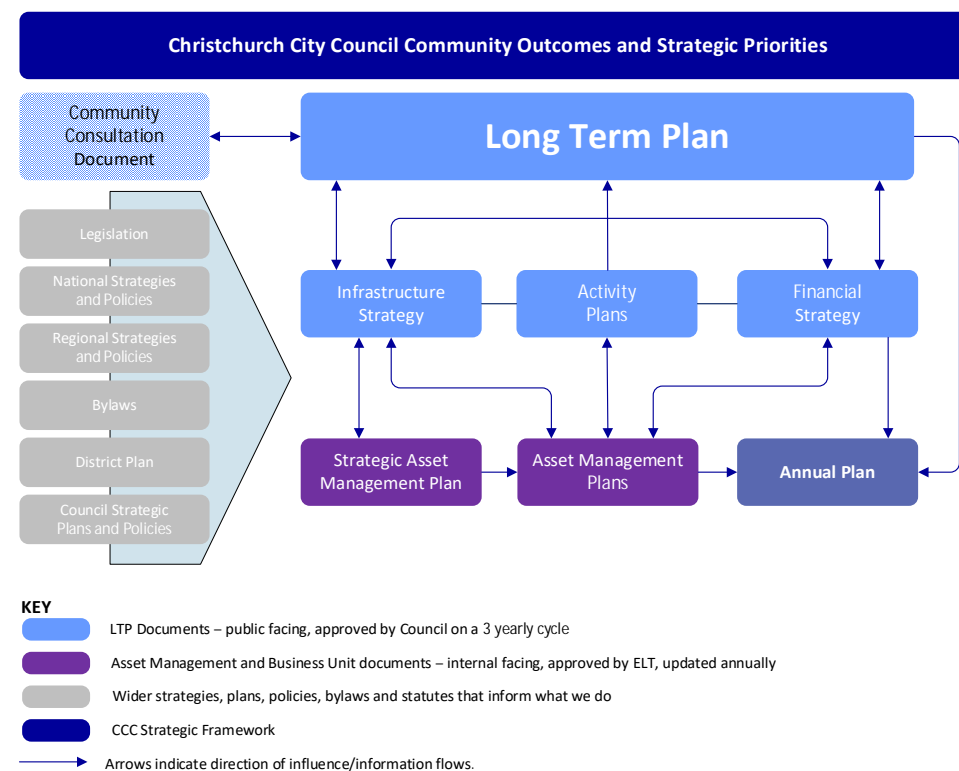
### Government Policy Statements on Land Transport

Government policy has substantially shifted in recent years towards efforts to reduce transport emissions and improve transport safety. The Government has signalled a desire to reduce both emissions and road fatalities to zero. This will be a particular challenge for transport assets and operations, given that transport is the largest contributor to greenhouse gas emissions in the Christchurch district; and more than one hundred people are killed or seriously injured on Christchurch roads each year.

## Appendix 8: How the Infrastructure Strategy fits within the LTP

Our LTP is made up of several large ingredients. These include the Infrastructure Strategy, Finance Strategy, Activity Plans and Levels of Service, Asset Management Plans (AMPs), and Capital Programme. Together they form our statement of commitment to the community about what activities and services we will provide. The Infrastructure Strategy signals the level of infrastructure investment needed, and reflects the Council's Strategic Priorities and Community Outcomes.

### Building the LTP<sup>50</sup>



<sup>50</sup> Christchurch City Council , Draft Strategic Asset Management Plan (SAMP), version 26 February 2020, TRIM20/203354

## Appendix 9: Strategy development process

The Infrastructure Strategy was developed through a three-phase process involving internal and external colleagues. It was a co-development process with Elected Members and there were six workshops/briefings at various stages of the Strategy's development, to ensure their strong input and feedback.

We adhered closely to the requirements of the Local Government Act 2002, section 101B, which details the purpose and contents of infrastructure strategies. The strategy process sought to maintain a disciplined, objective and evidence-based strategic lens throughout:

- Identifying the significant issues relating to infrastructure (i.e. the Preliminary Infrastructure Assessment (PIA))
- Identifying asset-specific issues and assessing the range of options to address these; and identifying the most likely scenario for the management of our infrastructure assets
- Compiling it all together to tell a comprehensive story for the next LTP.

### Phase I - The front end (problem definition and overall direction setting)

Task 1 – Establish background and gather evidence - Inputs to the Strategy were gathered and integrated from a range of internal and external sources.

Task 2 – Problem definition - Workshops with internal and external stakeholders/subject matter and technical experts to define the problems and challenges for the Infrastructure Strategy.

Task 3 – Preliminary Infrastructure Assessment - A direction-setting document that summarised the challenges and opportunities defined in Task 2, and developed the overall direction for the Strategy.

### Phase II - Building the back end (issues breakdown and options analysis)

A 'deep dive' into the issues and opportunities, breaking them down by infrastructure type. An options assessment was then undertaken of a long list of potential options to address these issues, for all infrastructure activities. This determined a draft Infrastructure Strategy programme and the most likely scenario for the management of our assets. The key tasks are outlined below.

#### Task 4 – Infrastructure-specific issues and options analysis

This task involved infrastructure-focused working groups of subject matter experts to first identify asset-specific issues, and then develop and assess options to address these, by infrastructure type.

#### Task 5 – Balance options across asset groups/infrastructure areas

A desktop analysis to balance the options for each infrastructure area to produce a preferred programme that address all issues, with an appropriate diversity and risk profile. Identification of significant decisions and options over the next 30 years.

### Phase III - Write up preferred scenario/Infrastructure Strategy

This phase pulled together all material developed in Phases 1 and 2, to articulate the most likely scenario for the management of our infrastructure assets over the 30-year period. This phase included alignment of the Strategy with other LTP programmes of work – in particular the Financial Strategy, Asset management plans and Activity Plans.



## Appendix 10: Strategic partner and stakeholder views

### Strategic partners and stakeholders

At the outset of the Strategy's development we asked some of our strategic partners and stakeholders<sup>51</sup> for their views about their – and our - infrastructure issues. In our discussions, we delved into four issues that our asset and activity managers told us were important:

- Looking after our assets: to what extent does the growth we are accommodating pay for itself? Failing assets ultimately cost more to maintain.
- Sustainably managing our natural and built environment to accommodate growth, otherwise we will get poor social and environmental outcomes, and this has a financial cost.
- Reducing our carbon footprint and improving community resilience to climate change and natural hazards. The infrastructure we provide has a significant impact upon our climate impacts, and also our ability to respond to significant events.
- Responding and adapting to changing community demand and preferences, new or altered legislation and fast-changing technology. With long lead times, how can infrastructure keep up with this?

Their views were similar to those of our elected members and Council asset managers and operational leaders.

We heard key concerns such as:

- The importance of dealing with change, uncertainty and risk - we need to take 'adaptive pathways' over the life of the 30-year Strategy and harness opportunities and challenges: the impact of rapidly-changing technology on services and customer expectations, and the impact of climate change on land use and infrastructure provision, are crucial to all infrastructure providers.
- The role of infrastructure in shaping our neighbourhoods and ensuring growth demand is met – we need to plan for an expected population increase, an ageing and increasingly diverse community, and expanded suburban areas. We also need to encourage residential intensification; make public and active transport networks safer, viable and attractive; and we need to reduce growth-associated risks such as contaminants reducing the quality of water supply and waterways.
- The financial viability of infrastructure options, potential for trade-offs, opportunities for alternative funding models (such as public-private partnerships), risk of intergenerational inequity and positioning infrastructure spending within a wider investment context.

<sup>51</sup> Problem identification workshops at the outset of the Infrastructure Strategy's development included external attendees from Canterbury District Health Board, ChristchurchNZ, Citycare, Environment Canterbury, Fulton Hogan, Lyttelton Port Company, Ministry of Education, Waka Kotahi: New Zealand Transport Agency, Orion, Selwyn District Council, Waimakariri District Council, and some individual infrastructure sector experts (apology from Ngāi Tahu invitee); they were joined by a range of Christchurch City infrastructure managers and asset experts.

# Financial Overview

The background is a solid teal color. A thick, white, curved line starts from the bottom left, dips slightly, and then rises steadily towards the top right, creating a sense of upward movement or growth.

# Financial Overview

This section provides an overview of financial information included in the Draft Long Term Plan (LTP). The results flow from an extensive review of operating costs which commenced in January 2020, enabling savings to be made immediately post COVID-19 for the 2021 Annual Plan and also for this LTP. A significant review of capital expenditure was also undertaken, focussing on deliverability and affordability, but also taking into account the need to prevent further deterioration in our asset networks with resulting significantly higher future maintenance costs. We have had to limit the programme level and resultant borrowing in the first three years to preserve a prudent amount of debt headroom through the 2025/28 period, where the net debt ratio peaks, to ensure we retain appropriate borrowing capacity / financial resilience in case of another event.

For further high level funding information please read the Financial Strategy. The table below shows the total funding requirements for the Council for the ten years of the Draft LTP. Key items or changes in the financial statements are mentioned below.

## Operating expenditure

Significant items:

- Operational expenditure is lower in 2021/22 than planned in the 2020/21 year. This is the result of a series of Councillor Workshops identifying further cost savings of \$25.6 million.
- Communities and Citizens expenditure increases through to 2022/23 due to the planned opening of the Metro Sports Facility, and the Hornby Library, Customer Services, South West Leisure Centre. The 2024/25 – 2026/27 years include the Canterbury Museum capital redevelopment grant of \$7.8 million annually (\$23.5 million total).
- Increased Christchurch NZ base funding of \$5.5 million each year, making total funding \$13.6 million per year. Previous Development Christchurch Limited funding of \$2 million each year has been redistributed to Christchurch NZ.

- Vbase capital grant for Christchurch Arena upgrade - \$5.2 million (2021/22) and \$1.8 million (2022/23 and 2023/24).
- Arts Centre capital grant for restoration - \$3.9 million (2021/22) and \$0.8 million (2022/23 and 2023/24).
- Vbase operational grant - \$4.3 million from 2022 through to 2026, reducing to \$3.3 million annually thereafter.
- Decreasing interest expense due to a combination of lower interest rates and Christchurch City Holdings Limited (CCHL) planning to borrow in their own name; once current debt holdings held with Council mature.

## Depreciation

Depreciation expense is charged on a straight line basis on both operational and infrastructure

assets. However, we do not rate for depreciation, we rate for the renewal and replacement of existing assets. The target is based on the long run average from the 30 year renewal programme in the Infrastructure Strategy and while we are below that currently, the position progressively improves through the draft LTP period. In 2021/22 we will rate for \$150.6 million of renewals and this reaches \$321.5 million by 2030/31.

## Revenue

Property based rates are the primary source of revenue. A brief explanation of each source of revenue is included in the Funding Impact Statement.

Significant items:

- Communities and Citizens fees and charges revenue increases through to 2022/23 with the opening of Metro Sports and the Hornby

Library, Customer Services, South West Leisure Centre.

- CCHL dividends are \$104 million lower compared to the 2018 LTP between the years 2022–2028, due to the impact of COVID-19. CCHL dividends increase over the LTP period from \$16.1 million in 2022 to \$64.2 million in 2031.
- Interest revenues decline throughout the LTP period from \$15.7 million in 2021/22 to \$6.3 million in 2030/31, due to CCHL planning to borrow in their own name once current debt holdings with Council mature (offset by lower interest expense).

## Rates

The proposed average rates increase to existing ratepayers for 2021/22 is 5.56%. Full details of rates, including the total rating requirement for general and targeted rates, and indicative rates for individual properties, are provided in the Funding Impact Statement.

## Surplus, operating deficits, and sustainability

This Draft LTP shows accounting surpluses before revaluations in all years. Under accounting standards Council is required to show all revenue, including those that are capital related such as development contributions, NZ Transport Agency capital subsidies and some earthquake-related recoveries from central Government, as income for

the year. After adjusting for these capital revenues and taking into account rating for renewals rather than depreciation, the Plan is based on a balanced funding budget, effectively ensuring operating costs are met from operating revenue across all years of the draft LTP.

(Note that the balanced budget benchmark shown in the Financial Prudence Benchmarks section is calculated on a slightly different basis and shows a small deficit in 2024/25. This is primarily due to Council's policy of rating for renewals rather than depreciation. The intention is to steadily increase the level of rating for renewals in line with the Financial Strategy.

## Capital programme expenditure

The capital programme has been developed to ensure that the programme is both financially sustainable and aligned with Council's ability to deliver.

We plan to invest \$585.9 million in the capital programme in 2021/22, and a total of \$5.7 billion over the 10 year LTP period. This is \$1.3 billion higher than the previous LTP. While \$0.2 billion relates to the inclusion of the Crown's funding share of the Canterbury Multi-use Arena, the balance has a focus on infrastructure renewals.

Capital spend is higher in the first three years of the draft LTP due to the expenditure for the new Metro Sports Facility and the Canterbury Multi-use Arena.

## Capital programme funding

The capital programme is funded by Crown recoveries, subsidies and grants for capital expenditure, development contributions, the proceeds of asset sales and debt. Included in the Draft LTP are Crown revenues of \$285.1 million, comprised of Canterbury Multi Use Arena contributions of \$55.9 million in 2021/22 and \$141.8 million in 2022/23, Shovel Ready revenues (\$70.5 million spread from 2021/22 – 2024/25), and Water Reform revenues (\$16.9 million in 2021/22).

## Borrowing

Short term COVID-19 borrowing (repaid over 5 years) in 2021/22 has reduced from \$21.15 million as indicated in the 2021 Annual Plan to \$5.75 million in this Draft LTP. This is a result of identifying \$8 million of surplus property which is proposed to be sold, and applying additional rates smoothing to reduce short term borrowing (\$7.4 million).

Total short term COVID-19 related borrowing is now forecast to be \$49.6 million rather than \$86.1 million as indicated when the 2021 Annual Plan was resolved. The reduction is due to the items above, together with additional dividend from CCHL (\$15.2 million) and lower interest expense (\$3.1 million) in 2020/21 than planned. The 2019/20 operational deficit was also \$2.8 million lower than originally forecast.

The draft LTP includes \$293 million of further borrowing in 2021/22. After rating for existing debt

repayment and repayment of debt from CCHL there is a net debt change of \$98.8 million.

Gross debt is forecast to increase by \$871.3 million over the period of the Draft LTP to \$3 billion.

## Financial risk management strategy

The Council has five financial ratios which form a key part of its financial risk management strategy, four of which are also limits for Council's borrowing from the Local Government Funding Agency. These define the limits within which the Council must maintain its balance sheet and borrowing ratios. The Council anticipates staying well within these five financial ratio limits throughout the LTP period. In addition there are a further seven ratios required under the Local Government (Financial Reporting and Prudence ) Regulations 2014 (two are Annual Report only ratios) which determine the financial prudence of Council's budgets. One of these benchmarks is not met in 2024/25, the balanced budget benchmark (99%). This unbalanced budget is considered financially prudent given it is for one year only. Forecast results against the benchmarks and key ratios are included within the Financial Prudence Benchmarks section of this document.

Plan 2020/21	Financial Overview		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000										
	<b>Funding Summary</b>											
493,336	Operating expenditure	1	491,607	508,020	528,646	557,420	560,576	571,944	577,398	596,114	608,179	624,288
507,090	Capital programme	2	585,940	660,918	668,761	537,355	520,409	541,160	559,500	533,053	538,354	551,647
88,635	Interest expense	3	81,837	75,121	73,937	73,662	75,229	77,372	75,330	74,623	70,226	69,229
50,629	Debt repayment		59,504	68,622	88,342	98,065	96,981	103,014	109,554	117,332	123,961	130,309
-	Movements in reserves	6	1,627	688	2,812	-	2,640	2,719	1,604	3,112	2,479	2,554
<b>1,139,690</b>	<b>Total expenditure</b>		<b>1,220,515</b>	<b>1,313,369</b>	<b>1,362,498</b>	<b>1,266,502</b>	<b>1,255,835</b>	<b>1,296,209</b>	<b>1,323,386</b>	<b>1,324,234</b>	<b>1,343,199</b>	<b>1,378,027</b>
	<b>funded by :</b>											
127,999	Fees, charges and operational subsidies	4	140,881	149,920	158,231	162,859	168,115	171,757	175,990	181,258	185,133	189,833
47,567	Dividends and interest received		34,843	46,741	63,442	67,761	62,334	62,104	63,760	66,486	69,493	73,672
4,994	Asset sales	5	8,496	7,669	520	533	546	560	576	592	609	625
21,874	Development contributions		24,276	24,115	23,112	23,013	23,565	24,131	24,734	25,402	26,088	26,766
43,579	Capital contributions, grants and subsidies		124,218	200,040	56,675	36,461	36,652	41,365	34,775	34,561	30,478	31,503
142,618	Movements in reserves	6	-	-	-	6,972	-	-	-	-	-	-
1,569	Working Capital reduction		-	-	-	-	-	-	-	-	-	-
<b>390,200</b>	<b>Total funding available</b>		<b>332,714</b>	<b>428,485</b>	<b>301,980</b>	<b>297,599</b>	<b>291,212</b>	<b>299,917</b>	<b>299,835</b>	<b>308,299</b>	<b>311,801</b>	<b>322,399</b>
<b>749,490</b>	<b>Balance required</b>		<b>887,801</b>	<b>884,884</b>	<b>1,060,518</b>	<b>968,903</b>	<b>964,623</b>	<b>996,292</b>	<b>1,023,551</b>	<b>1,015,935</b>	<b>1,031,398</b>	<b>1,055,628</b>
192,265	Borrowing	7	292,982	260,427	403,640	278,092	229,714	225,586	224,043	181,202	172,931	162,962
<b>557,225</b>	<b>Rates</b>	8	<b>594,819</b>	<b>624,457</b>	<b>656,878</b>	<b>690,811</b>	<b>734,909</b>	<b>770,706</b>	<b>799,508</b>	<b>834,733</b>	<b>858,467</b>	<b>892,666</b>
550,831	<b>Rates to be levied on 1 July</b>		586,104	615,559	647,785	681,508	725,383	760,951	789,510	824,464	847,921	881,846
	5.75% Nominal rates increase on 1 July		6.40%	5.03%	5.24%	5.21%	6.44%	4.90%	3.75%	4.43%	2.85%	4.00%
	<b>3.80% Percentage rate increase to existing ratepayers</b>		<b>5.56%</b>	<b>4.19%</b>	<b>4.40%</b>	<b>4.37%</b>	<b>5.59%</b>	<b>4.07%</b>	<b>2.93%</b>	<b>3.60%</b>	<b>2.03%</b>	<b>3.18%</b>

Notes to Financial Overview

Plan 2020/21	Note 1 Operating Expenditure	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
142,907	Communities & Citizens	147,669	166,586	172,638	188,135	191,025	194,868	190,610	195,664	200,119	205,404
2,616	Flood Protection & Control Works	4,188	4,574	4,965	5,434	5,972	6,457	6,922	7,441	7,981	8,477
17,905	Governance	16,131	17,958	17,370	17,218	19,577	18,886	18,746	20,914	19,948	20,185
21,668	Housing	15,618	16,238	16,791	17,304	17,899	18,431	19,065	19,770	20,412	21,114
71,454	Parks, Heritage and Coastal Environment	72,758	74,257	77,713	78,844	82,054	85,725	87,214	89,240	91,440	95,175
56,505	Solid Waste & Resource Recovery	57,561	59,947	62,650	63,617	65,685	67,199	69,284	70,963	72,152	74,163
41,697	Regulatory & Compliance	43,446	46,033	48,493	49,774	51,022	52,492	53,625	55,224	56,375	57,890
42,957	Stormwater Drainage	43,415	45,081	46,625	48,338	50,288	52,530	54,790	57,401	59,727	62,414
36,406	Strategic Planning & Policy	42,431	40,748	41,479	51,274	41,752	42,421	43,043	43,819	44,419	45,113
145,963	Transport	147,776	154,326	161,952	171,260	179,292	187,925	195,389	206,540	211,907	217,193
113,995	Wastewater	118,668	120,762	124,735	129,867	133,367	137,518	143,275	149,497	154,386	159,083
75,475	Water Supply	77,764	81,295	85,056	89,098	92,429	94,258	98,216	102,070	106,230	106,557
82,959	Corporate	70,534	57,300	58,745	54,276	52,570	50,937	48,280	45,058	40,356	37,959
<b>852,507</b>	<b>Total group of activity expenditure</b>	<b>857,959</b>	<b>885,105</b>	<b>919,212</b>	<b>964,439</b>	<b>982,932</b>	<b>1,009,647</b>	<b>1,028,459</b>	<b>1,063,601</b>	<b>1,085,452</b>	<b>1,110,727</b>
270,536	Less depreciation (non cash)	284,515	301,964	316,629	333,357	347,127	360,331	375,731	392,864	407,047	417,210
88,635	Less interest expense shown separately	81,837	75,121	73,937	73,662	75,229	77,372	75,330	74,623	70,226	69,229
<b>493,336</b>	<b>Operating expenditure</b>	<b>491,607</b>	<b>508,020</b>	<b>528,646</b>	<b>557,420</b>	<b>560,576</b>	<b>571,944</b>	<b>577,398</b>	<b>596,114</b>	<b>608,179</b>	<b>624,288</b>
		\$000									
Plan 2020/21	Note 2 Capital Programme	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
111,945	Communities & Citizens	71,058	43,804	26,145	31,605	32,231	31,265	29,047	29,774	33,855	31,097
24,376	Flood Protection & Control Works	41,778	28,014	32,385	44,775	51,101	43,244	42,256	45,738	44,049	47,854
-	Governance	-	-	-	-	-	-	-	-	-	-
11,527	Housing	5,890	5,960	4,995	5,076	5,278	6,629	6,903	6,118	7,253	7,532
26,996	Parks, Heritage and Coastal Environment	35,977	40,990	56,482	64,484	58,915	66,816	95,083	66,821	72,519	74,598
2,966	Solid Waste & Resource Recovery	20,026	10,997	3,783	2,137	3,254	4,618	4,787	3,042	2,740	3,068
3	Regulatory & Compliance	207	134	22	160	72	40	63	54	46	-
21,861	Stormwater Drainage	21,130	23,042	25,250	29,615	26,245	26,711	29,869	30,365	29,962	31,461
904	Strategic Planning & Policy	900	921	943	966	990	1,017	1,044	1,073	1,104	1,134
102,330	Transport	135,663	140,689	137,982	143,875	143,084	141,220	144,236	147,404	153,384	157,552
55,755	Wastewater	56,930	67,949	72,485	85,227	93,722	103,714	90,846	81,825	72,539	73,172
35,462	Water Supply	65,416	68,626	85,335	80,179	81,969	87,723	89,520	91,873	90,985	94,425
112,965	Corporate	130,965	229,792	222,954	49,256	23,548	28,163	25,846	28,966	29,918	29,754
<b>507,090</b>	<b>Total capital programme</b>	<b>585,940</b>	<b>660,918</b>	<b>668,761</b>	<b>537,355</b>	<b>520,409</b>	<b>541,160</b>	<b>559,500</b>	<b>533,053</b>	<b>538,354</b>	<b>551,647</b>

Further detail on the capital projects included under each group of activities above can be found in the Capital Programme schedule of the Draft LTP.

Plan 2020/21	Note 3 Interest Expense	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
56,389	General Borrowing	53,800	52,307	54,736	58,235	60,857	64,782	63,107	63,655	60,385	59,937
14,858	Equity investments	14,604	13,845	12,130	11,003	9,942	9,521	9,237	8,431	7,961	7,423
17,223	Advances to Council organisations	13,030	8,205	6,307	3,660	3,705	2,344	2,375	1,926	1,334	1,323
165	Advances to housing trust	403	764	764	764	725	725	611	611	546	546
<b>88,635</b>		<b>81,837</b>	<b>75,121</b>	<b>73,937</b>	<b>73,662</b>	<b>75,229</b>	<b>77,372</b>	<b>75,330</b>	<b>74,623</b>	<b>70,226</b>	<b>69,229</b>

General borrowing includes interest on the \$49.6 million of short term borrowing to cover the loss of revenues due to COVID-19. This is to be repaid over 5 years with the final repayment in 2026/27.

Advances to Council organisations related interest expense reduces over the LTP period as CCHL refinances debt directly with lenders rather than via Council.

Plan 2020/21	Note 4 Fees, Charges and Operational Subsidies	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
17,684	Communities & Citizens	21,443	27,716	28,642	29,425	30,528	31,440	32,410	33,127	34,020	34,901
34	Flood Protection & Control Works	35	35	36	37	38	39	40	41	42	43
44	Governance	45	743	47	48	796	50	51	858	54	56
15,381	Housing	15,798	16,429	17,123	17,811	18,557	19,276	19,980	20,694	21,378	21,985
3,685	Parks, Heritage and Coastal Environment	4,222	4,311	4,405	4,506	4,616	4,727	4,844	4,974	5,109	5,241
9,577	Solid Waste & Resource Recovery	9,885	11,276	11,848	12,653	12,826	13,003	13,191	13,400	13,614	13,826
33,309	Regulatory & Compliance	34,881	37,668	40,049	40,924	41,866	42,829	43,857	44,995	46,164	47,321
17	Stormwater Drainage	515	1,036	1,059	1,083	1,109	1,136	1,165	1,196	1,228	1,260
1,024	Strategic Planning & Policy	844	862	881	901	922	945	968	994	1,021	1,048
36,500	Transport	38,071	37,949	39,077	40,140	41,343	42,612	43,582	44,820	46,025	47,359
5,504	Wastewater	7,305	6,718	6,866	7,023	7,192	7,365	7,549	7,753	7,962	8,169
656	Water Supply	1,450	684	699	715	732	749	769	789	811	831
5,318	Corporate	7,123	5,229	7,928	7,593	7,590	7,586	7,584	7,617	7,705	7,793
<b>128,733</b>	<b>Total group of activity operating revenue</b>	<b>141,617</b>	<b>150,656</b>	<b>158,660</b>	<b>162,859</b>	<b>168,115</b>	<b>171,757</b>	<b>175,990</b>	<b>181,258</b>	<b>185,133</b>	<b>189,833</b>
734	Less non cash revenue	736	736	429	-	-	-	-	-	-	-
<b>127,999</b>	<b>Fees, charges and operational subsidies</b>	<b>140,881</b>	<b>149,920</b>	<b>158,231</b>	<b>162,859</b>	<b>168,115</b>	<b>171,757</b>	<b>175,990</b>	<b>181,258</b>	<b>185,133</b>	<b>189,833</b>

Citizens & Communities revenue increases in 2022/23 due to a full years operation of Linwood Pool and the opening of the new Metro Sports and South West Leisure facilities.

Stormwater Drainage revenues reflect future changes in the Stormwater Bylaw for which the charging of fees will commence during 2022/23.

Wastewater revenues includes \$0.7 million of Water Reform Crown contributions in 2021/22.

Corporate Revenues in 2021/22 includes \$1.9 million of Asset Management (internal service) Water Reform Crown contributions. No subvention credits are planned until 2023/24.

Plan 2020/21	Note 5 Asset Sales	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
4,509	Surplus property sales	8,000	7,161	-	-	-	-	-	-	-	-
485	Surplus roading land sales	496	508	520	533	546	560	576	592	609	625
<b>4,994</b>		<b>8,496</b>	<b>7,669</b>	<b>520</b>	<b>533</b>	<b>546</b>	<b>560</b>	<b>576</b>	<b>592</b>	<b>609</b>	<b>625</b>

Council has identified surplus property that is planned to be sold in 2021/22 and 2022/23. The sale proceeds will be used to repay short term borrowing for COVID-19 related debt.



Plan 2020/21	Note 6 Movements in reserves	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
(3,472)	Interest credited to special funds and reserves	(3,243)	(3,112)	(2,969)	(2,826)	(2,571)	(2,664)	(2,691)	(2,770)	(2,918)	(2,993)
(88,917)	Deposits	(101,094)	(110,071)	(119,790)	(133,337)	(138,207)	(145,133)	(152,169)	(159,827)	(167,334)	(174,480)
235,007	Withdrawals	102,710	112,495	119,947	143,135	138,138	145,078	153,256	159,485	167,773	174,919
<b>142,618</b>		<b>(1,627)</b>	<b>(688)</b>	<b>(2,812)</b>	<b>6,972</b>	<b>(2,640)</b>	<b>(2,719)</b>	<b>(1,604)</b>	<b>(3,112)</b>	<b>(2,479)</b>	<b>(2,554)</b>

Movements by individual Reserve can be found in the Reserves and Trust Funds section of the Draft LTP.

Plan 2020/21	Note 7 Borrowing	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
507,090	Capital Programme	585,940	660,918	668,761	537,355	520,409	541,160	559,500	533,053	538,354	551,647
1,564	Capital grants	9,212	2,698	4,021	9,148	7,878	9,229	31	31	32	33
39,131	Operational costs	13,750	-	-	-	-	-	-	-	-	-
<b>547,785</b>	<b>Total funding requirement</b>	<b>608,902</b>	<b>663,616</b>	<b>672,782</b>	<b>546,503</b>	<b>528,287</b>	<b>550,389</b>	<b>559,531</b>	<b>533,084</b>	<b>538,386</b>	<b>551,680</b>
	<b>Funding sources</b>										
4,994	Sale of assets	8,496	7,669	520	533	546	560	576	592	609	625
138,678	Rates (for renewals)	150,560	164,598	182,641	202,424	230,988	251,483	266,993	284,599	300,384	321,547
1,732	Rates (for landfill aftercare)	2,461	807	1,018	553	620	578	594	610	643	745
144,663	Reserve drawdowns	5,909	5,960	5,176	5,427	6,202	6,686	7,816	6,118	7,253	7,532
21,874	Development contributions	24,276	24,115	23,112	23,013	23,565	24,131	24,734	25,402	26,088	26,766
43,579	Capital contributions, grants and subsidies	124,218	200,040	56,675	36,461	36,652	41,365	34,775	34,561	30,478	31,503
355,520	<b>Total funding available</b>	315,920	403,189	269,142	268,411	298,573	324,803	335,488	351,882	365,455	388,718
<b>192,265</b>	<b>Borrowing requirement</b>	<b>292,982</b>	<b>260,427</b>	<b>403,640</b>	<b>278,092</b>	<b>229,714</b>	<b>225,586</b>	<b>224,043</b>	<b>181,202</b>	<b>172,931</b>	<b>162,962</b>
14,000	Borrowing for onlending	25,000	-	-	-	-	-	-	-	-	-
50,629	Less debt repayment	59,504	68,622	88,342	98,065	96,981	103,014	109,554	117,332	123,961	130,309
1,300	Less borrowing on behalf of subsidiaries repaid	159,700	114,000	110,700	47,500	12,000	75,200	6,662	37,000	6,823	2,000
-	Less borrowing on behalf of other organisations repaid	-	-	-	2,000	3,000	-	8,000	-	5,000	-
<b>154,336</b>	<b>Net change in borrowing</b>	<b>98,778</b>	<b>77,805</b>	<b>204,598</b>	<b>130,527</b>	<b>117,733</b>	<b>47,372</b>	<b>99,827</b>	<b>26,870</b>	<b>37,147</b>	<b>30,653</b>
2,038,727	Opening debt	2,107,970	2,206,748	2,284,553	2,489,151	2,619,678	2,737,411	2,784,783	2,884,610	2,911,480	2,948,627
<b>2,193,063</b>	<b>Closing debt</b>	<b>2,206,748</b>	<b>2,284,553</b>	<b>2,489,151</b>	<b>2,619,678</b>	<b>2,737,411</b>	<b>2,784,783</b>	<b>2,884,610</b>	<b>2,911,480</b>	<b>2,948,627</b>	<b>2,979,280</b>

The higher than normal increase in borrowing in 2023/24 relates to the Canterbury Multi Use Arena (\$183.3 million).

Plan 2020/21	Note 8 Rates	Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
550,831	Rates levied 1 July	586,104	615,559	647,785	681,508	725,383	760,951	789,510	824,464	847,921	881,846
3,894	Excess water charges	6,162	6,292	6,430	6,578	6,736	6,898	7,070	7,261	7,457	7,651
2,500	Penalties	2,553	2,606	2,663	2,725	2,790	2,857	2,928	3,008	3,089	3,169
<b>557,225</b>		<b>594,819</b>	<b>624,457</b>	<b>656,878</b>	<b>690,811</b>	<b>734,909</b>	<b>770,706</b>	<b>799,508</b>	<b>834,733</b>	<b>858,467</b>	<b>892,666</b>

# Funding Impact Statement and Rating Information

# Funding Impact Statement

This Funding Impact Statement sets out the sources of operational and capital funding Council will use to fund its activities over the period of the Draft Long Term Plan (LTP), and how these funds will be applied. These funding sources were developed from an analysis of the Council activities and funding requirements which is set out in the Revenue and Financing Policy.

## Christchurch City Council Funding impact statement

Plan 2020/21		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	<b>\$000</b>										
<b>Sources of operating funding</b>											
343,212	General rates, uniform annual general charges, rates penalties	369,341	386,593	402,666	422,071	444,138	462,472	477,076	496,768	506,782	519,787
214,013	Targeted rates	225,478	237,864	254,212	268,740	290,771	308,234	322,432	337,965	351,685	372,879
22,620	Subsidies and grants for operating purposes	28,459	26,249	27,499	29,207	30,190	31,003	31,491	32,050	32,715	33,514
92,379	Fees, charges	100,246	110,828	115,439	118,532	122,626	125,273	128,823	133,282	136,178	139,770
47,567	Interest and dividends from investments	34,843	46,741	63,442	67,761	62,334	62,104	63,760	66,486	69,493	73,672
12,999	Local authorities fuel tax, fines, infringement fees, and other receipts	12,176	12,844	15,294	15,121	15,301	15,481	15,677	15,928	16,242	16,552
<b>732,790</b>	<b>Total operating funding</b>	<b>770,543</b>	<b>821,119</b>	<b>878,552</b>	<b>921,432</b>	<b>965,360</b>	<b>1,004,567</b>	<b>1,039,259</b>	<b>1,082,479</b>	<b>1,113,095</b>	<b>1,156,174</b>
<b>Applications of operating funding</b>											
454,376	Payments to staff and suppliers	439,955	460,196	480,663	494,122	509,754	519,330	533,603	551,839	563,348	578,985
88,635	Finance costs	81,837	75,121	73,937	73,662	75,229	77,372	75,330	74,623	70,226	69,229
38,960	Other operating funding applications	51,652	47,825	47,984	63,299	50,824	52,614	43,796	44,277	44,833	45,306
<b>581,971</b>	<b>Total applications of operating funding</b>	<b>573,444</b>	<b>583,142</b>	<b>602,584</b>	<b>631,083</b>	<b>635,807</b>	<b>649,316</b>	<b>652,729</b>	<b>670,739</b>	<b>678,407</b>	<b>693,520</b>
<b>150,819</b>	<b>Surplus (deficit) of operating funding</b>	<b>197,099</b>	<b>237,977</b>	<b>275,968</b>	<b>290,349</b>	<b>329,553</b>	<b>355,251</b>	<b>386,530</b>	<b>411,740</b>	<b>434,688</b>	<b>462,654</b>
<b>Sources of capital funding</b>											
42,407	Subsidies and grants for capital expenditure	123,092	198,890	55,499	35,259	35,421	40,105	33,482	33,234	29,115	30,105
21,874	Development and financial contributions	24,276	24,115	23,112	23,013	23,565	24,131	24,734	25,402	26,088	26,766
154,336	Net increase (decrease) in debt	98,778	77,805	204,598	132,527	120,733	47,372	107,827	26,870	42,147	30,653
4,994	Gross proceeds from sale of assets	8,496	7,669	520	533	546	560	576	592	609	625
1,173	Other dedicated capital funding	1,126	1,150	1,176	1,202	1,231	1,260	1,293	1,327	1,363	1,398
<b>224,784</b>	<b>Total sources of capital funding</b>	<b>255,768</b>	<b>309,629</b>	<b>284,905</b>	<b>192,534</b>	<b>181,496</b>	<b>113,428</b>	<b>167,912</b>	<b>87,425</b>	<b>99,322</b>	<b>89,547</b>
<b>Applications of capital funding</b>											
Capital expenditure											
279,908	- to replace existing assets (a)	256,705	254,794	270,905	311,389	303,243	303,499	319,552	313,070	313,795	293,106
184,431	- to improve the level of service	263,867	331,690	331,610	161,228	156,079	187,399	181,675	159,959	160,003	189,835
42,751	- to meet additional demand	65,368	74,434	66,246	64,738	61,087	50,262	58,273	60,024	64,556	68,706
(144,187)	Increase (decrease) in reserves	1,627	688	2,812	(6,972)	2,640	2,719	1,604	3,112	2,479	2,554
12,700	Increase (decrease) of investments	(134,700)	(114,000)	(110,700)	(47,500)	(12,000)	(75,200)	(6,662)	(37,000)	(6,823)	(2,000)
<b>375,603</b>	<b>Total applications of capital funding</b>	<b>452,867</b>	<b>547,606</b>	<b>560,873</b>	<b>482,883</b>	<b>511,049</b>	<b>468,679</b>	<b>554,442</b>	<b>499,165</b>	<b>534,010</b>	<b>552,201</b>
<b>(150,819)</b>	<b>Surplus (deficit) of capital funding</b>	<b>(197,099)</b>	<b>(237,977)</b>	<b>(275,968)</b>	<b>(290,349)</b>	<b>(329,553)</b>	<b>(355,251)</b>	<b>(386,530)</b>	<b>(411,740)</b>	<b>(434,688)</b>	<b>(462,654)</b>
-	<b>Funding balance</b>	-	-	-	-	-	-	-	-	-	-

# Where our funding will come from

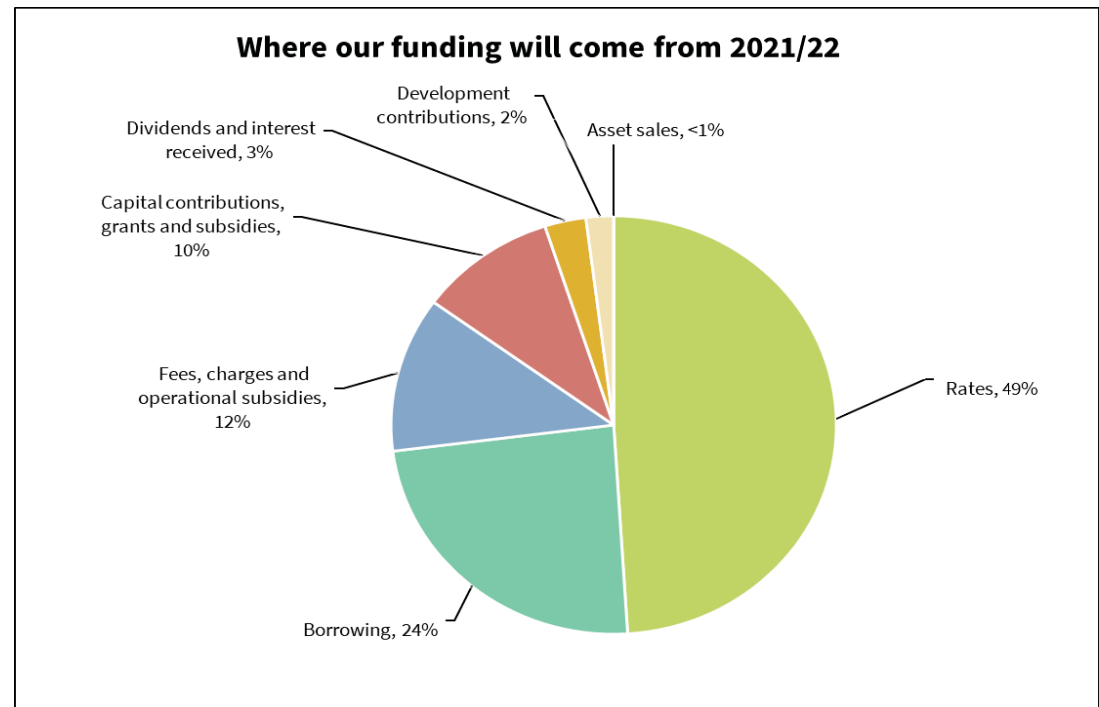
Rates are the main source of funding for the Council's activities. In the 2021/22 financial year, the Council is proposing to collect \$594.8 million in rates to help pay for essential services such as water supply, roading and wastewater treatment, as well as capital renewal and replacement projects and events and festivals. This income is supplemented

with funding from fees and charges, Government subsidies, development contributions, interest and dividends from subsidiaries. Borrowing provides the funding for a significant portion of the capital programme.

The Council owns shares in major local companies through its wholly-owned subsidiary Christchurch City Holdings Limited (CCHL). These companies include Christchurch International Airport, City Care, Lyttelton Port Company, Orion, Eco Central, Enable Services and RBL Property. CCHL is forecasting to pay a dividend of \$16.1 million in 2021/22.

## Where our funding will come from:

<u>Funding Sources 2021/22</u>	%	\$000
Rates	49%	594,819
Borrowing	24%	292,982
Fees, charges and operational subsidies	12%	140,881
Capital contributions, grants and subsidies	10%	124,218
Dividends and interest received	3%	34,843
Development contributions	2%	24,276
Asset sales	<1%	8,496
	100%	1,220,515



# Where our funding will go

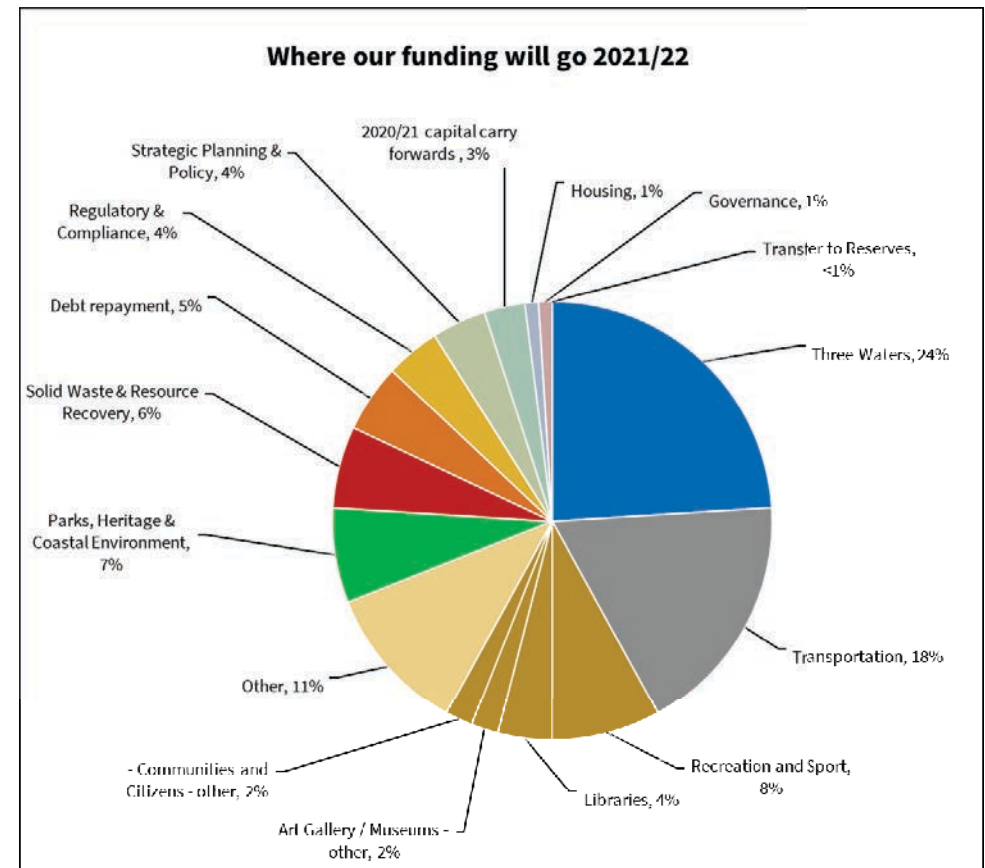
Much of the Council’s spending goes toward providing essential services to keep the city running smoothly. This includes maintaining sewerage and drainage systems, water supply, our roads and parks.

The table and graph below show where the Council will spend the funding collected during 2021/22. These include both day to day operational expenditure and capital expenditure.

The Other classification includes \$61.4 million of interest costs either externally recovered or not allocated to Groups of Activities. Capital expenditure for the Canterbury Multi Use Arena, IT projects, and Performing Arts Precinct are also included.

## Where our funding will go

<u>Planned Spend 2021/22</u>	%	\$000
Three Waters	24%	298,737
Transportation	18%	212,398
Communities and Citizens:		
- Recreation and Sport	8%	98,512
- Libraries	4%	46,309
- Art Gallery / Museums	2%	19,763
- Communities and Citizens - other	2%	26,944
Other	11%	137,918
Parks, Heritage & Coastal Environment	7%	85,744
Solid Waste & Resource Recovery	6%	74,869
Debt repayment	5%	59,504
Regulatory & Compliance	4%	43,576
Strategic Planning & Policy	4%	42,941
2020/21 capital carry forwards	3%	40,000
Housing	1%	15,542
Governance	1%	16,131
Transfer to Reserves	<1%	1,627
	100%	1,220,515



# Rating Information

## Income from Rates

We use rates to fund the balance of our costs once all other funding sources are taken into account.

The total rates required to be assessed for the rating year beginning on 1 July 2021 is \$586.1 million (excluding GST). Two items of rating income are excluded from this figure, and from the specific rates details provided on the following pages:

- Excess water rates – excluded because it is dependent on actual volumes consumed during the year. Excess water rates are budgeted to be \$6.2 million (excluding GST) in 2021/22.
- Late payment penalties and arrears penalties – excluded because they are dependent on actual late rates payments occurring during the year, or arrears from previous years remaining outstanding during the year. Late payment penalties and arrears penalties are budgeted to be \$2.6 million in 2021/22.

### Income Collected from Rates (incl GST)

	2021/22 LTP (\$000s)
Rates Collected	
General Rates:	
Value-based General Rate	396,641
Uniform Annual General Charge	25,165
Targeted Rates:	
Water Supply:	
-- Normal Supply	74,921
-- Restricted Supply	172
-- Excess Supply <sup>1</sup>	-
-- Fire Service Connection	132
Land Drainage	43,617
Sewerage	94,245
Waste Minimisation	33,472
Active Travel	3,649
Heritage	86
Special Heritage (Arts Centre)	230
Special Heritage (Cathedral)	1,190
Akaroa Health Centre	327
Central City Business Association	173
	674,020
includes GST of	87,916
<b>Total Excluding GST</b>	<b>586,104</b>
<sup>1</sup> <i>Excess Water depends on actual volumes consumed</i>	

## Rating Base

The rates assessed for the 1 July 2021 to 30 June 2022 year are based on the following rating base:

	As at 30 June 2021
Number of rating units	177,146
Number of Separately-Used or Inhabited Parts (SUIPs) of rating units	182,355
Total capital value of rating units	\$116.4 billion
Total land value of those rating units	\$50.6 billion

## Valuation system used for rating

We set rates under Section 23 of the Local Government (Rating) Act 2002.

Some of our rates are in the form of fixed charges, but most are charged in proportion to each rating unit's rating valuation, where:

- A rating unit is the property which is liable for rates (usually a separate property with its own certificate of title), and
- Rating valuations are set by independent valuers, based on property market conditions as at a specified date (currently 1 August 2019) – their purpose is to enable councils to allocate rates equitably between properties across the District; they are *not* intended to be an indication of current market value or cost of construction.

We use capital value for rating purposes (commonly thought of as the value of the land plus any improvements).

Where parts of a rating unit can be allocated to different categories (Standard, Business and Remote Rural), we may apportion the rateable value of that rating unit among those parts in order to calculate the overall liability for the rating unit.

Legislation requires that rating valuations be updated at least every three years, so that the distribution of value-based rates reasonably reflects property market conditions. The 2019 valuations are used as the basis of rates calculations from 1 July 2020 until 30 June 2023.

## Valuation adjustments during the rating year

Rating valuations must be adjusted whenever there is a significant change to the property (such as new building work or demolition), but:

- These adjustments must still be based on 2019 market prices, to maintain consistency across the tax base; and
- Rates charges cannot be changed to reflect the adjusted valuation until the next rating year (i.e. from 1 July)

## Inspection of rates information

For every rating unit, information from the District Valuation Roll and Rating Information Database (including Capital Value and liability for current-year rates) is available for inspection on the Council's Internet site ([www.ccc.govt.nz](http://www.ccc.govt.nz), under the heading 'Services', then 'Rates and valuations' then 'Rates and valuation search') or by enquiry at any Council Service Centre.

## Rates for 2021/22

All of the rates and amounts set out in this document are proposed to apply to the rating

year commencing 1 July 2021 and ending 30 June 2022, and include GST of 15 percent.

Some of our rates are set as a uniform amount per Separately Used or Inhabited Part of a rating unit (SUIP). In such cases, a SUIP is defined as a part which can be separately let and permanently occupied. Where the occupancy is an accessory to, or is ancillary to, another property or part thereof, then no separately used part exists. For example:

- not separately used parts of a rating unit include:
  - a residential sleep-out or granny flat without independent kitchen facilities;
  - rooms in a hostel with a common kitchen;
  - a hotel room with or without kitchen facilities;
  - motel rooms with or without kitchen facilities;
  - individual storage garages/sheds/partitioned areas of a warehouse;
  - individual offices/premises of partners in a partnership.
- separately used parts of a rating unit include:
  - flats/apartments;

- o flats which share kitchen/bathroom facilities;
- o separately leased commercial areas even though they may share a reception.

## General rates

General rates are collected in the form of both a value-based General Rate and a Uniform Annual General Charge (UAGC). The value-based General Rate is set on capital values on a differential basis under the Local Government (Rating) Act 2002.

### *Purpose of general rates:*

General rates, including the UAGC, provide the majority of our total rates requirement, and are calculated as the net rate requirement after targeted rates are determined. General rates (including the UAGC) therefore fund all our activities except to the extent they are funded by targeted rates or by other sources of funding.

### *Value-based General Rate Differentials*

Differentials are applied to the value-based General Rate. The objective of these differentials is to collect more from identified Business properties and less from identified Remote Rural properties than would be the

case under an un-differentiated value-based General Rate, in accordance with our Revenue & Financing Policy.

The differential categories are defined as follows:

### *Standard*

Any rating unit which is:

- (a) used for residential purposes (including home-ownership flats); or
- (b) a Council-operated utility network; or
- (c) land not otherwise classified as Business or Remote Rural.

### *Business*

Any rating unit which is:

- (a) used for a commercial or industrial purpose (including travellers and special purpose accommodation, offices and administrative and associated functions, commercially-owned and operated utility networks, and quarrying operations); or
- (b) land zoned Commercial or Industrial in the District Plan, situated anywhere in the district, except where the principal use is residential.

### *Remote Rural*

Any rating unit which is:

- (a) zoned residential or rural in the District Plan, *and*
- (b) either
  - i. greater than 20 hectares in size; or
  - ii. situated outside the serviced area defined for the Sewerage Targeted rate (below), *and*
- (c) either:
  - i. used solely or principally for agricultural, horticultural, pastoral, or forestry purposes or the keeping of bees or poultry; or
  - ii. vacant land not otherwise used.

For the purpose of clarity the Remote Rural category does not include any rating unit which is:

- (a) used principally for industrial (including quarrying) or commercial purposes (as defined in Business above); or
- (b) used principally for residential purposes (including home-ownership flats).

For the purpose of these differential sector definitions, the District Plan means our operative District Plan.



The Business Differential is 1.697 and the Remote Rural Differential is 0.75. These have not changed from the previous year (2020/21).

Liability for the value-based General Rate is calculated as a number of cents per dollar of capital value:

Differential category	Rates (cents / \$)	Differential factor	Rev (\$000)
Standard	0.319045	1.0000	263,397
Business	0.541420	1.697	127,142
Remote Rural	0.239284	0.75	6,102

#### *Uniform Annual General Charge (UAGC)*

A portion of general rates is assessed as a UAGC, which is set under section 15(1)(b) of the Local Government (Rating) Act 2002.

*Purpose of the UAGC:* The UAGC modifies the impact of rating on a city-wide basis by ensuring that all rating units are charged a fixed amount to recognize the costs, associated with each property, which are uniformly consumed by the inhabitants of the community.

Liability for the UAGC is calculated as a uniform amount for each separately used or inhabited part of a rating unit:

Land	Basis	Rates (\$)	Revenue (\$000)
All land in district	SUIP	138.00	25,165

#### Targeted rates

Targeted rates are set under sections 16, 18, and 19, and schedules 2 and 3 of the Local Government (Rating) Act 2002. We do not accept Lump Sum Contributions (as defined by Section 117A of the Local Government (Rating) Act 2002) in respect of any targeted rate.

Targeted rates may be applied either uniformly on all rating units or only on an identified group of ratepayers, depending on our determinations under s101(3) of the Local Government Act 2002. The definition and objective of each of the Targeted rates is described below.

#### *Water Supply Targeted Rate:*

The purpose of this rate (in conjunction with the separate targeted rates for Restricted Water Supply, Fire Connection, and Excess Water Supply described below) is to recover the cash operating cost of water supply, plus a significant share of the expected cost of related asset renewal and replacement

(charged in lieu of depreciation) over the planning period.

It is assessed on every rating unit located within the serviced area, where the serviced area includes all rating units that are actually connected to the on-demand water reticulation system, those that have a connection kit installed at the boundary, and those located within a specified distance of any part of the on-demand water reticulation system *except* where connection of properties within the specified distance is not possible for technical reasons (for example, if connection would require crossing third party land or if we do not permit connection due to capacity constraints). For developed properties the specified distance is 100 metres measured from the water reticulation system to a building on the land. For undeveloped properties the specified distance is 30 metres measured from the water reticulation system to the property boundary.

The Water Supply Targeted Rate is set differentially, depending on whether a rating unit is actually connected – connected rating units are charged at the “Connected” differential, and non-connected rating units are charged the “Serviceable” differential which is set at half of the Connected differential.

Liability for the Water Supply Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates (cents / \$)	Differential Factor	Rev (\$000)
Connected	0.069575	1.00	74,114
Serviceable	0.034788	0.50	807

#### *Restricted Water Supply Targeted Rate:*

The purpose of this rate is to contribute to the cost recovery of the activities described as being funded by the Water Supply Targeted Rate (above), by charging a uniform amount to properties not located within the Water Supply Targeted Rate serviced area but receiving a restricted water supply. It is assessed on every rating unit receiving the standard level of restricted service (being 1,000 litres of water supplied per 24-hour period). Where a rating unit receives multiple levels of service, they will be assessed multiple Restricted Water Supply Targeted Rates.

Liability for the Restricted Water Supply Targeted Rate is calculated as a uniform amount for each standard level of service received by a rating unit.

Categories	Rates (\$)	Revenue (\$000)
Connected	236.78	172

#### *Water Supply Fire Connection Rate*

The purpose of the Water Supply Fire Connection Rate is to contribute to the cost recovery of the activities described as being funded by the Water Supply Targeted Rate (above), by charging a uniform amount to properties benefitting from a fire service connection. It is assessed on all rating units connected to the service on a per-connection basis.

Liability for the Water Supply Fire Connection Rate is calculated as a uniform amount for each connection:

Categories	Rates (\$)	Revenue (\$000)
Connected	122.27	132

#### *Excess Water Supply Commercial Targeted Rate*

The purpose of this targeted rate is for commercial properties that place an unusually high demand on the water supply system to contribute an additional amount to the cost recovery of the activities described as being

funded by the Water Supply Targeted Rate (above).

It is set under section 19 of the Local Government (Rating) Act 2002 and assessed as the water meters are read on every liable rating unit (see below), with invoices sent after each reading.

Liability for the Excess Water Supply Commercial Targeted Rate is calculated as a number of cents per cubic metre of water consumed in excess of the water supply targeted rate allowance for that rating unit:

Categories	Rates (\$ per m <sup>3</sup> of excess water supplied)	Revenue (\$000)
Liable	1.16	4,786

This rate will be charged to all rating units which receive a commercial water supply as defined in the Water Supply, Wastewater and Stormwater Bylaw 2014, *plus*:

- (a) land under single ownership on a single certificate of title and used for three or more household residential units
- (b) boarding houses
- (c) motels
- (d) rest homes

Each liable rating unit has a water supply targeted rate allowance. Water used in excess of this allowance will be charged at the stated rate per cubic metre.

The water supply targeted rate allowance for each property is effectively the amount of water already paid for under the Water Supply Targeted Rate – i.e. the total Water Supply Targeted Rate payable, divided by the above cubic-metre cost, then divided by 365 to give a daily cubic metre allowance. The Excess Water Supply Targeted Rate will be charged if actual use exceeds this calculated daily allowance, *provided that* all properties will be entitled to a minimum allowance of 0.6986 cubic metres per day.

For example, if a rating unit is assessed \$1,000 for the Water Supply Targeted Rate, that rating unit's water supply targeted rate allowance for the year is 862 cubic metres (\$1,000 divided by \$1.16/m<sup>3</sup>), which is 2.36 cubic metres per day. If the meter readings are 91 days apart then the allowance is 215 cubic metres for that billing period (2.36 m<sup>3</sup>/day x 91 days). Liability for the Excess Water Supply Commercial Targeted Rate for that billing period is for any consumption by that rating unit over 215 cubic metres. So if 300 cubic metres were used in that billing period, the liability for the Excess Water Supply Commercial Targeted Rate for that billing period would be \$98.68 incl GST,

which is the excess usage of 85 cubic metres (300m<sup>3</sup> – 215m<sup>3</sup>) times the rate of \$1.16/m<sup>3</sup>.

The annual rates assessment identifies those ratepayers who are potentially liable for the Excess Water Supply Commercial Targeted Rate. It does not include the calculated liability as the water reading does not coincide with the assessment. Water meters are read progressively throughout the year. Following each reading, a water-excess charge invoice is issued for those rating units which are liable. The invoice will refer to the assessment and will bill for the consumption for the period of the reading.

The latest water supply targeted rate allowance will be used, calculated on a daily basis.

#### *Excess Water Supply Residential Targeted Rate*

This targeted rate also contributes to the cost recovery of the activities described as being funded by the Water Supply Targeted Rate (above), by assessing additional charges on those residential properties placing an unusually high demand on the water supply system.

It is set under section 19 of the Local Government (Rating) Act 2002 and assessed as the water meters are read on every liable rating unit (see below), with invoices sent after each reading.

Liability for the Excess Water Supply Residential Targeted Rate is calculated as a number of cents per cubic metre of water used in excess of an allowance of 0.7 cubic metres per day per separately used or inhabited part (SUIP) of a rating unit.

Categories	Rates (\$ per m <sup>3</sup> of excess water supplied)	Revenue (\$000)
Liable	1.35	2,300

This rate will be charged to all metered residential rating units where the meter records usage for a single rating unit. The rate will also be charged where the meter records usage for multiple rating units where there is a special agreement in force specifying which rating unit/ratepayer is responsible for payment.

The annual rates assessment identifies those ratepayers who are potentially liable for the Excess Water Supply Residential Targeted Rate. It does not include the calculated liability as the water reading does not coincide with the assessment. Water meters are read progressively throughout the year. Following each reading, a water-excess charge invoice is issued for those rating units which are liable. The invoice will refer to the assessment and

will bill for the consumption for the period of the reading.

*Land Drainage Targeted Rate:*

The purpose of this rate is to recover the cash operating cost of the stormwater drainage, and the flood protection and control works groups of activities, plus a significant share of the expected cost of related asset renewal and replacement (charged in lieu of depreciation) over the planning period. The rate is assessed on all rating units in the District.

The Land Drainage Targeted Rate is set differentially. A differential of 1 applies to every rating unit which is within the historic rated area (the area rated for land drainage prior to 1 July 2021).

A differential of 0.33 applies for 2021/22 to all other land (that is, every other rating unit in the District). This differential will increase to 0.67 for 2022/23 and 1 for 2023/24 onwards.

The historic rated area and “all other land” are identified on a map published on our website at <https://ccc.govt.nz/proposed-rates-changes>.

Liability for the Land Drainage Targeted Rate is calculated as a number of cents per dollar of capital value.

Differential category	Rates (cents / \$)	Differential factor	Rev (\$000)
Historic rated area	0.041218	1	43,055
All other land in the District	0.013602	0.33	562

*Sewerage Targeted Rate:*

The purpose of this rate is to recover the cash operating cost of wastewater collection, treatment and disposal, plus a significant share of the expected cost of related asset renewal and replacement (charged in lieu of depreciation) over the planning period. It is assessed on every rating unit located within the serviced area, where the serviced area includes all rating units that are actually connected to the wastewater network, those with a connection kit installed at the boundary, and those located within a specified distance of any part of the wastewater network *except* where connection of properties within the specified distance is not possible for technical reasons (for example, if connection would require crossing third party land or if we do not permit connection due to capacity constraints). For developed properties, the specified distance is 100 metres, measured from the wastewater

network to a building on the land. For undeveloped properties, the specified distance is 30 metres measured from the wastewater network to the property boundary.

Liability for the Sewerage Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates (cents / \$)	Revenue (\$000)
Within serviced area	0.085614	94,245

*Active Travel Targeted Rate*

The purpose of this rate is to contribute to the operating cost of the Active Travel Programme (including pedestrian networks and cycleways). It is assessed on all rating units in the District.

Liability for the Active Travel Targeted Rate is calculated as a uniform amount for each separately used or inhabited part of a rating unit:

Land	Basis	Rates (\$)	Revenue (\$000)
All land in District	SUIP	20.00	3,649

### Heritage Targeted Rate

The purpose of this rate is to fund:

- a \$23.5 million grant towards the Canterbury Museum redevelopment scheduled over 3 years from 2024/25.
- planned capital expenditure of \$42 million associated with preserving key components of our own built heritage: the Provincial Chambers, Old Municipal Chambers and Robert McDougall Gallery.

The rate will recover these costs over 30 years. The rate is planned to cease in 2051/52. The rate will be phased in over three years from 2021/22, so the rate will increase in 2022/23 and again in 2023/34 to reach a level consistent with recovering the full capital costs above (excluding interest).

It is assessed on all rating units in the District.

Liability for the Heritage Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates (cents / \$)	Revenue (\$000)
All land in District	0.000079	86

### Special Heritage (Arts Centre) Targeted Rate

The purpose of this rate is to fund a \$5.5 million grant to the Arts Centre paid over three years. The rate will recover this cost over 10 years.

The rate is planned to cease in 2031/32. The rate will be phased in over two years from 2021/22, so the rate will increase in 2022/23 to reach a level consistent with recovering the full cost above (excluding interest).

It is assessed on all rating units in the District.

Liability for the Special Heritage (Arts Centre) Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates (cents / \$)	Revenue (\$000)
All land in District	0.000212	230

### Special Heritage (Cathedral) Targeted Rate

The purpose of this rate is to fund a \$10 million grant supporting the restoration of the Anglican Cathedral. It is assessed on all rating units in the District and will cease on 30 June 2028.

Liability for the Special Heritage (Cathedral) Targeted Rate is calculated as a uniform amount for each separately used or inhabited part of a rating unit:

Land	Basis	Rates (\$)	Revenue (\$000)
All land in District	SUIP	6.52	1,190

### Akaroa Community Health Trust Targeted Rate

The purpose of this rate is to fund a grant of up to \$1.3 million plus GST to the Akaroa Community Health Trust in June 2023. The rate will cease on 30 June 2023. The grant relates to the construction of a health centre in Akaroa.

Liability for the Akaroa Community Health Trust Targeted Rate is calculated as a uniform amount for each separately used or inhabited part of a rating unit within the eastern portion of Banks Peninsula ward (defined as valuation roll numbers 23890, 23900, 23910, 23920, 23930, 23940 and 23961):

Land	Basis	Rates (\$)	Revenue (\$000)
All land in specified valuation roll numbers	SUIP	115.58	327

Inner City Bag Collection Area

Waste Minimisation Targeted Rate:

The purpose of this rate is to recover the cash operating cost of the collection and disposal of recycling and organic waste, plus a significant share of the expected cost of related asset renewal and replacement (charged in lieu of depreciation) over the planning period.

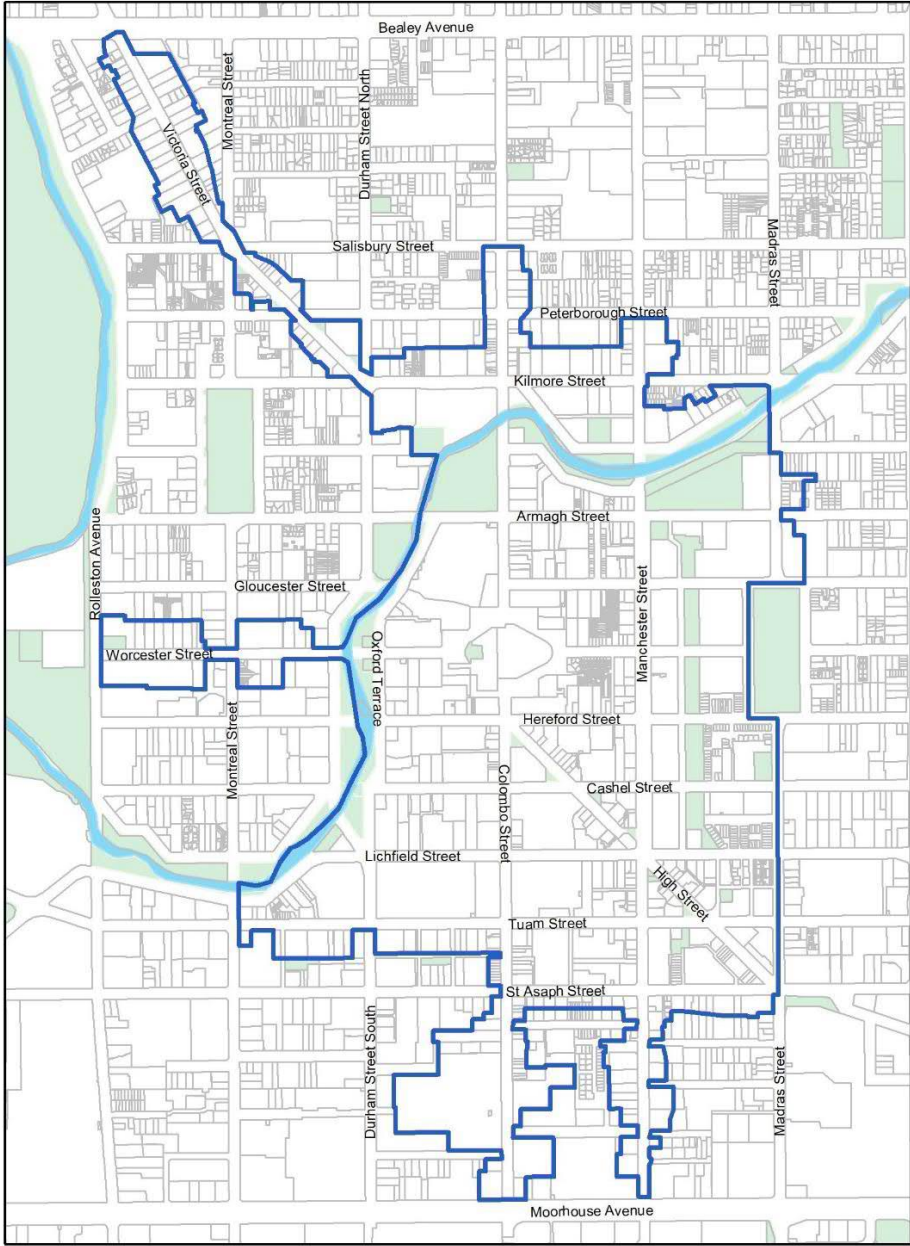
The Waste Minimisation Targeted Rate is set differentially, based on location within or outside our kerbside collection area – rating units located within this area are charged at the Full Charge differential, and those located outside this area are charged at the Part Charge differential which is set at 75 per cent of the Full Charge differential.

The Waste Minimisation Targeted Rate applies to all land within the district except for:

- Properties in the following CBD area that receive the inner city bag collection service area (refer to map below):
- land which does not have improvements recorded,
- land with a storage shed only and the capital value is less than \$30,000.

Liability for the Waste Minimisation Targeted Rate is calculated as a fixed dollar amount for each separately used or inhabited part of a rating unit that is within the land described above and assessed for the UAGC.

Categories	Basis	Rates (\$)	Revenue (\$000)
Full charge	SUIP	196.96	33,208
Part charge	SUIP	147.72	264



### Central City Business Association Targeted Rate

The purpose of this rate is to fund a \$150,000 (plus GST if any) grant to the Central City Business Association (CCBA) to support their activities.

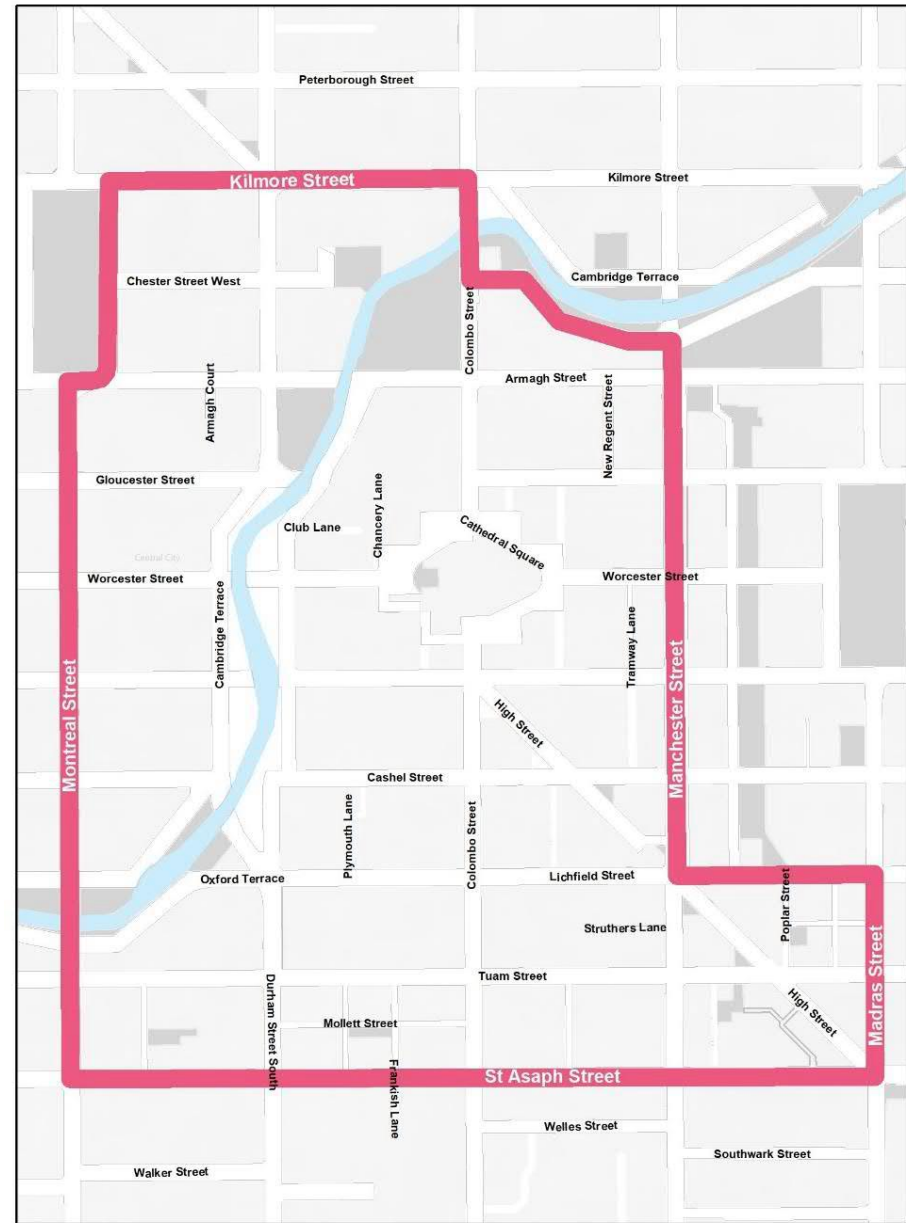
It is assessed on all business rating units in the CCBA Area that have a land value greater than or equal to \$50,000.

The CCBA Area is the land within the red boundary defined shown in the map.

Liability for the CCBA Targeted Rate is calculated as a uniform amount for each rating unit.

Land	Basis	Rates (\$)	Revenue (\$000)
Business rating units within the CCBA Area with a land value greater than or equal to \$50,000	Rating Unit	276.89	173

### CCBA Area



## Indicative rates

The following tables show our rates for a range of property types and values. Figures include 15% GST but exclude Ecan's regional council rates, late penalties, and any excess water charges.

The overall average rates increase to existing ratepayers this year is 5.56%. The rates increase experienced by each individual property will differ from this overall average, depending on:

- The property's classification (whether it's a standard, business or remote rural property).
- Which rates the property pays (for example, a property only pays the sewer rate if it's within the sewer serviced area).
- The capital value of the property.
- How many 'separately used or inhabited parts' (SUIPs) the property has. Fixed rates are paid based on the number of SUIPs. For example, a property with two flats will pay two fixed charges. Most residential properties have only one SUIP.

A detailed analysis of rates increases for particular groups of properties is set out in the rates analysis section.

The tables below show the components of the overall rates payable in 2021/22 for a range of property values in each sector.

### Standard properties (includes residential houses)

- Around 156,600 properties pay the standard value-based General Rate (mostly houses).
- They typically pay the value-based General Rate (Standard), the UAGC, and targeted rates for Water Supply (Connected), Land Drainage, Sewerage, Heritage, Special Heritage (Arts Centre), Waste Minimisation (Full Charge), Active Travel and Special Heritage (Cathedral).
- For properties classified by our valuation service provider as residential dwellings and flats (excluding multi-unit properties and vacant sections):
  - The average Capital Value (CV) is \$508,608
  - Typical CCC rates on this average property are \$2,984.59

### Breakdown of 2021/22 annual rates (\$) for a standard property:

CV	Fixed rates (\$)					Value-based rates (\$)						Total (\$)		
	UAGC	Waste Min. (Full)	Active Travel	Special Heritage (Cathedral)	All fixed rates	General Standard	Water Connected	Land Drainage	Sewerage	Heritage	Special Heritage (Arts Centre)		All value-based rates	
200,000	138.00	196.96	20.00	6.52	361.48	638.09	139.15	82.44	171.23	0.16	0.42	1,031.49	1,392.97	
300,000	138.00	196.96	20.00	6.52	361.48	957.14	208.73	123.65	256.84	0.24	0.64	1,547.23	1,908.71	
400,000	138.00	196.96	20.00	6.52	361.48	1,276.18	278.30	164.87	342.46	0.32	0.85	2,062.97	2,424.45	
500,000	138.00	196.96	20.00	6.52	361.48	1,595.23	347.88	206.09	428.07	0.40	1.06	2,578.72	2,940.20	
600,000	138.00	196.96	20.00	6.52	361.48	1,914.27	417.45	247.31	513.68	0.47	1.27	3,094.46	3,455.94	
700,000	138.00	196.96	20.00	6.52	361.48	2,233.32	487.03	288.53	599.30	0.55	1.48	3,610.20	3,971.68	
800,000	138.00	196.96	20.00	6.52	361.48	2,552.36	556.60	329.74	684.91	0.63	1.70	4,125.94	4,487.42	
1,000,000	138.00	196.96	20.00	6.52	361.48	3,190.45	695.75	412.18	856.14	0.79	2.12	5,157.43	5,518.91	
1,500,000	138.00	196.96	20.00	6.52	361.48	4,785.68	1,043.63	618.27	1,284.21	1.19	3.18	7,736.15	8,097.63	
Average House	508,608	138.00	196.96	20.00	6.52	361.48	1,622.69	353.86	209.64	435.44	0.40	1.08	2,623.11	2,984.59



## Business properties

- Around 14,300 properties pay the Business value-based General Rate
- They typically pay the value-based General Rate (Business), the UAGC, and targeted rates for Water Supply (Connected), Land Drainage, Sewerage, Heritage, Special Heritage (Arts Centre), Waste Minimisation (Full Charge), Active Travel and Special Heritage (Cathedral).
- Central city business properties may also pay the Central City Business Association (CCBA) Targeted Rate. The table below relates to ratepayers that do not pay those rates.
- For properties classified by our valuation service provider as commercial or industrial:
  - The average CV is \$1,858,572
  - Typical CCC rates on this average property are \$14,079.93

Breakdown of 2021/22 annual rates (\$) for a business property:

CV	Fixed rates (\$)					Value-based rates (\$)							Total (\$)	
	UAGC	Waste Min. (Full)	Active Travel	Special Heritage (Cathedral)	All fixed rates	General Business	Water Connected	Land Drainage	Sewerage	Heritage	Special Heritage (Arts Centre)	All value-based rates		
200,000	138.00	196.96	20.00	6.52	361.48	1,082.84	139.15	82.44	171.23	0.16	0.42	1,476.24	1,837.72	
400,000	138.00	196.96	20.00	6.52	361.48	2,165.68	278.30	164.87	342.46	0.32	0.85	2,952.47	3,313.95	
600,000	138.00	196.96	20.00	6.52	361.48	3,248.52	417.45	247.31	513.68	0.47	1.27	4,428.71	4,790.19	
800,000	138.00	196.96	20.00	6.52	361.48	4,331.36	556.60	329.74	684.91	0.63	1.70	5,904.94	6,266.42	
1,000,000	138.00	196.96	20.00	6.52	361.48	5,414.20	695.75	412.18	856.14	0.79	2.12	7,381.18	7,742.66	
1,500,000	138.00	196.96	20.00	6.52	361.48	8,121.30	1,043.63	618.27	1,284.21	1.19	3.18	11,071.77	11,433.25	
2,000,000	138.00	196.96	20.00	6.52	361.48	10,828.40	1,391.50	824.36	1,712.28	1.58	4.24	14,762.36	15,123.84	
3,000,000	138.00	196.96	20.00	6.52	361.48	16,242.60	2,087.25	1,236.54	2,568.42	2.37	6.36	22,143.54	22,505.02	
5,000,000	138.00	196.96	20.00	6.52	361.48	27,071.00	3,478.75	2,060.90	4,280.70	3.95	10.60	36,905.90	37,267.38	
<b>Average Business</b>	<b>1,858,572</b>	<b>138.00</b>	<b>196.96</b>	<b>20.00</b>	<b>6.52</b>	<b>361.48</b>	<b>10,062.68</b>	<b>1,293.10</b>	<b>766.07</b>	<b>1,591.20</b>	<b>1.47</b>	<b>3.94</b>	<b>13,718.45</b>	<b>14,079.93</b>

## Remote Rural properties

- Around 2,400 properties pay the Remote Rural value-based General Rate.
- They typically pay the value-based General Rate (Remote Rural), the UAGC, and targeted rates for Land Drainage, Heritage, Special Heritage (Arts Centre), Waste Minimisation (Part Charge), Active Travel and Special Heritage (Cathedral).
- For properties classified by our valuation service provider as rural:
  - The average CV is \$1,039,580
  - CCC rates on this average-value property are \$3,231.31

Breakdown of 2021/22 annual rates (\$) for a remote rural property:

CV	Fixed rates (\$)					Value-based rates (\$)					Total (\$)	
	UAGC	Waste Min. (Part)	Active Travel	Special Heritage (Cathedral)	All fixed rates	General Remote Rural	Land Drainage	Heritage	Special Heritage (Arts Centre)	All value-based rates		
200,000	138.00	147.72	20.00	6.52	312.24	478.57	82.44	0.16	0.42	561.59	873.83	
400,000	138.00	147.72	20.00	6.52	312.24	957.14	164.87	0.32	0.85	1,123.17	1,435.41	
600,000	138.00	147.72	20.00	6.52	312.24	1,435.70	247.31	0.47	1.27	1,684.76	1,997.00	
800,000	138.00	147.72	20.00	6.52	312.24	1,914.27	329.74	0.63	1.70	2,246.34	2,558.58	
1,000,000	138.00	147.72	20.00	6.52	312.24	2,392.84	412.18	0.79	2.12	2,807.93	3,120.17	
1,500,000	138.00	147.72	20.00	6.52	312.24	3,589.26	618.27	1.19	3.18	4,211.90	4,524.14	
2,000,000	138.00	147.72	20.00	6.52	312.24	4,785.68	824.36	1.58	4.24	5,615.86	5,928.10	
3,000,000	138.00	147.72	20.00	6.52	312.24	7,178.52	1,236.54	2.37	6.36	8,423.79	8,736.03	
5,000,000	138.00	147.72	20.00	6.52	312.24	11,964.20	2,060.90	3.95	10.60	14,039.65	14,351.89	
<b>Average Remote Rural Property</b>	<b>1,039,580</b>	<b>138.00</b>	<b>147.72</b>	<b>20.00</b>	<b>6.52</b>	<b>312.24</b>	<b>2,487.55</b>	<b>428.49</b>	<b>0.82</b>	<b>2.20</b>	<b>2,919.07</b>	<b>3,231.31</b>

# Rates analysis

This analysis shows the increase in rates compared with the previous year for typical ratepayers with different property values. The analysis is on a GST-inclusive basis, and excludes Ecan rates, excess water charges and penalties.

## Typical houses

A typical house pays the following rates:

- Value-based rates: general (standard), water connected, land drainage, sewerage, heritage and special heritage (Arts Centre) rates
- Fixed rates: the uniform annual general charge (UAGC), waste minimisation (full), active travel and special heritage (Cathedral) rates

The following table shows rates increases for typical houses of varying sizes.

## Typical houses

CV	2020/21 Rates	2021/22 Rates	Annual increase (\$)	Weekly increase (\$)	Change (%)
200,000	\$ 1,337.57	\$ 1,392.97	\$ 55.40	\$ 1.07	4.14%
300,000	\$ 1,825.17	\$ 1,908.71	\$ 83.54	\$ 1.61	4.58%
400,000	\$ 2,312.77	\$ 2,424.45	\$ 111.68	\$ 2.15	4.83%
500,000	\$ 2,800.37	\$ 2,940.20	\$ 139.83	\$ 2.69	4.99%
600,000	\$ 3,287.97	\$ 3,455.94	\$ 167.97	\$ 3.23	5.11%
700,000	\$ 3,775.57	\$ 3,971.68	\$ 196.11	\$ 3.77	5.19%
800,000	\$ 4,263.17	\$ 4,487.42	\$ 224.25	\$ 4.31	5.26%
1,000,000	\$ 5,238.37	\$ 5,518.91	\$ 280.54	\$ 5.40	5.36%
1,500,000	\$ 7,676.37	\$ 8,097.63	\$ 421.26	\$ 8.10	5.49%
2,000,000	\$ 10,114.37	\$ 10,676.34	\$ 561.97	\$ 10.81	5.56%
3,000,000	\$ 14,990.37	\$ 15,833.77	\$ 843.40	\$ 16.22	5.63%
<b>Average House</b>					
508,608	\$ 2,842.34	\$ 2,984.59	\$ 142.25	\$ 2.74	5.00%

The average house will have a rates increase of \$2.74 per week.

## Typical businesses

A typical business pays the following rates:

- Value-based rates: general (business), water connected, land drainage, sewerage, heritage and special heritage (Arts Centre) rates
- Fixed rates: the uniform annual general charge (UAGC), waste minimisation (full), active travel and special heritage (Cathedral) rates

The following table shows rates increases for typical business properties of varying sizes. It assumes the property does not pay the Central City Business Association (CCBA) Targeted Rate.

## Typical businesses

CV	2020/21 Rates	2021/22 Rates	Annual increase (\$)	Weekly increase (\$)	Change (%)
200,000	\$ 1,753.93	\$ 1,837.72	\$ 83.79	\$ 1.61	4.78%
400,000	\$ 3,145.48	\$ 3,313.95	\$ 168.47	\$ 3.24	5.36%
600,000	\$ 4,537.04	\$ 4,790.19	\$ 253.15	\$ 4.87	5.58%
800,000	\$ 5,928.59	\$ 6,266.42	\$ 337.83	\$ 6.50	5.70%
1,000,000	\$ 7,320.15	\$ 7,742.66	\$ 422.51	\$ 8.13	5.77%
1,500,000	\$ 10,799.04	\$ 11,433.25	\$ 634.21	\$ 12.20	5.87%
2,000,000	\$ 14,277.93	\$ 15,123.84	\$ 845.91	\$ 16.27	5.92%
3,000,000	\$ 21,235.71	\$ 22,505.02	\$ 1,269.31	\$ 24.41	5.98%
5,000,000	\$ 35,151.27	\$ 37,267.38	\$ 2,116.11	\$ 40.69	6.02%
<b>Average Business</b>					
1,858,572	\$ 13,293.91	\$ 14,079.93	\$ 786.03	\$ 15.12	5.91%

## Typical remote rural

A typical remote rural property pays the following rates:

- Value-based rates: general (remote rural), land drainage, heritage and special heritage (Arts Centre) rates
- Fixed rates: the uniform annual general charge (UAGC), waste minimisation (part), active travel and special heritage (Cathedral) rates

The following table shows rates increases for typical remote rural properties of varying sizes that have previously paid the Land Drainage Targeted Rate.

### *Typical remote rural property*

CV	2020/21 Rates	2021/22 Rates	Annual increase (\$)	Weekly increase (\$)	Change (%)
200,000	\$ <b>838.90</b>	\$ 873.83	\$ 34.92	\$ 0.67	4.16%
400,000	\$ <b>1,366.40</b>	\$ 1,435.41	\$ 69.01	\$ 1.33	5.05%
600,000	\$ <b>1,893.89</b>	\$ 1,997.00	\$ 103.11	\$ 1.98	5.44%
800,000	\$ <b>2,421.39</b>	\$ 2,558.58	\$ 137.20	\$ 2.64	5.67%
1,000,000	\$ <b>2,948.88</b>	\$ 3,120.17	\$ 171.29	\$ 3.29	5.81%
1,500,000	\$ <b>4,267.62</b>	\$ 4,524.14	\$ 256.52	\$ 4.93	6.01%
2,000,000	\$ <b>5,586.35</b>	\$ 5,928.10	\$ 341.75	\$ 6.57	6.12%
3,000,000	\$ <b>8,223.82</b>	\$ 8,736.03	\$ 512.21	\$ 9.85	6.23%
5,000,000	\$ <b>13,498.76</b>	\$ 14,351.89	\$ 853.13	\$ 16.41	6.32%
<i>Average Remote Rural Property</i>					
1,039,580	\$ <b>3,053.27</b>	\$ 3,231.31	\$ 178.04	\$ 3.42	5.83%

# Financial Prudence Benchmarks

## **Financial Prudence Benchmarks**

### **Draft Long Term Plan disclosure statement for period commencing 1 July 2021**

#### **What is the purpose of this statement?**

This statement discloses the Council's planned financial performance against several benchmarks to determine whether the Council's financial planning is prudently managed.

The Council is required to include this statement in its Draft 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.

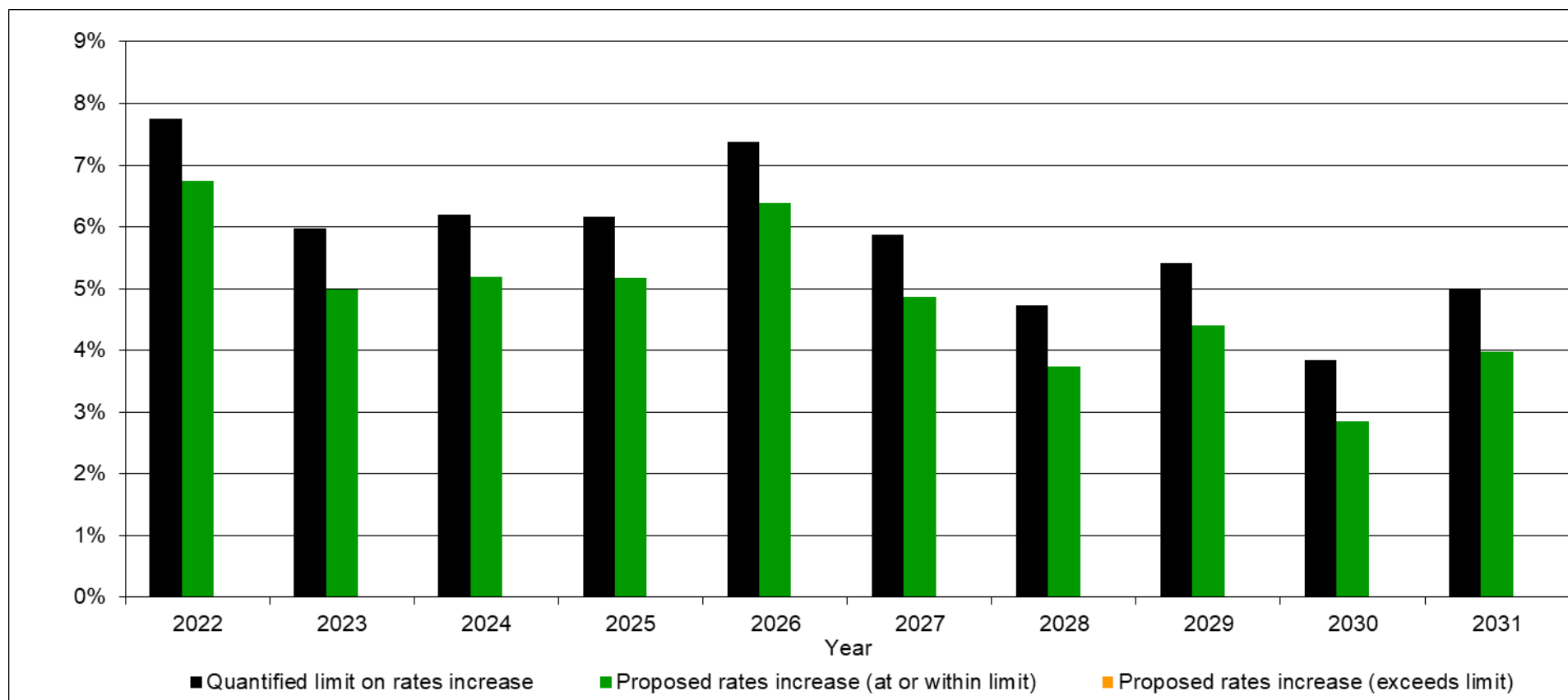
## Rates affordability benchmark

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.

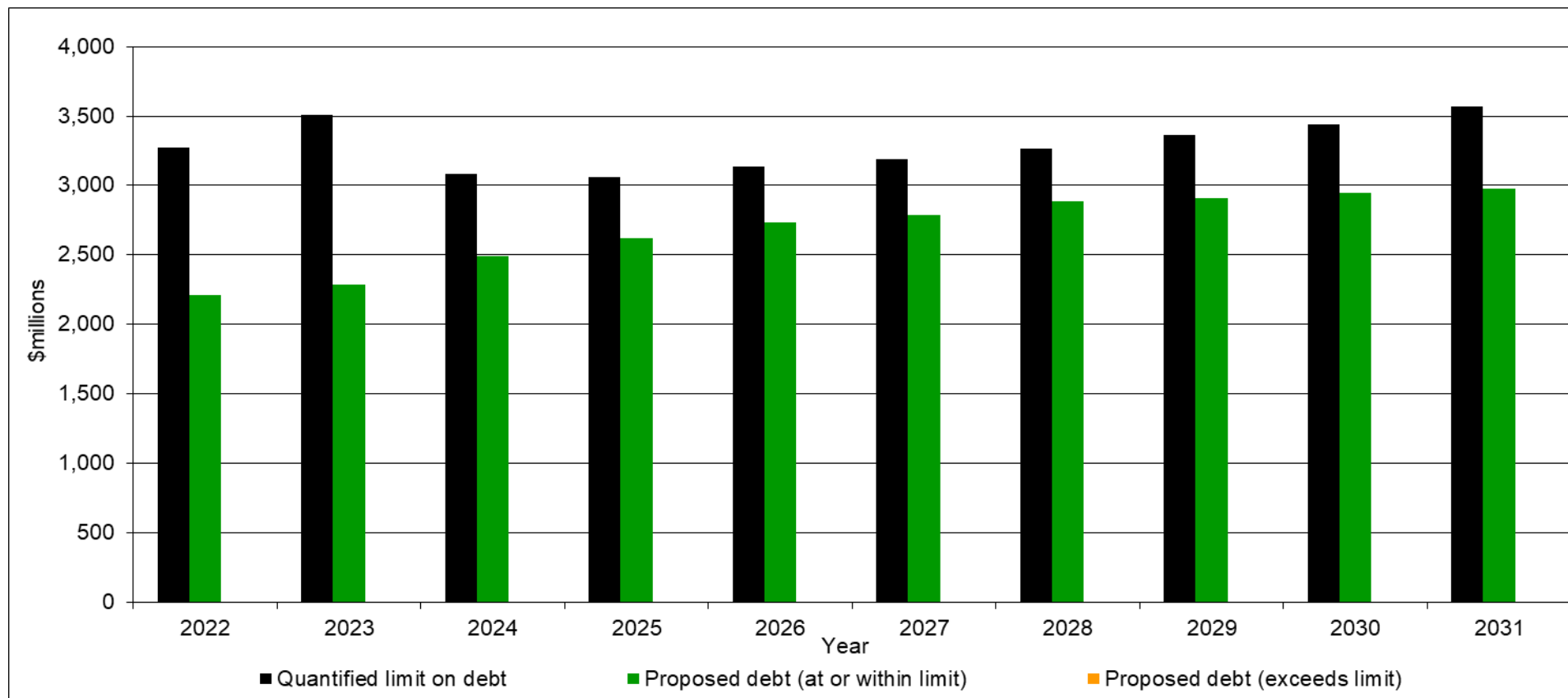


## Debt affordability benchmark

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

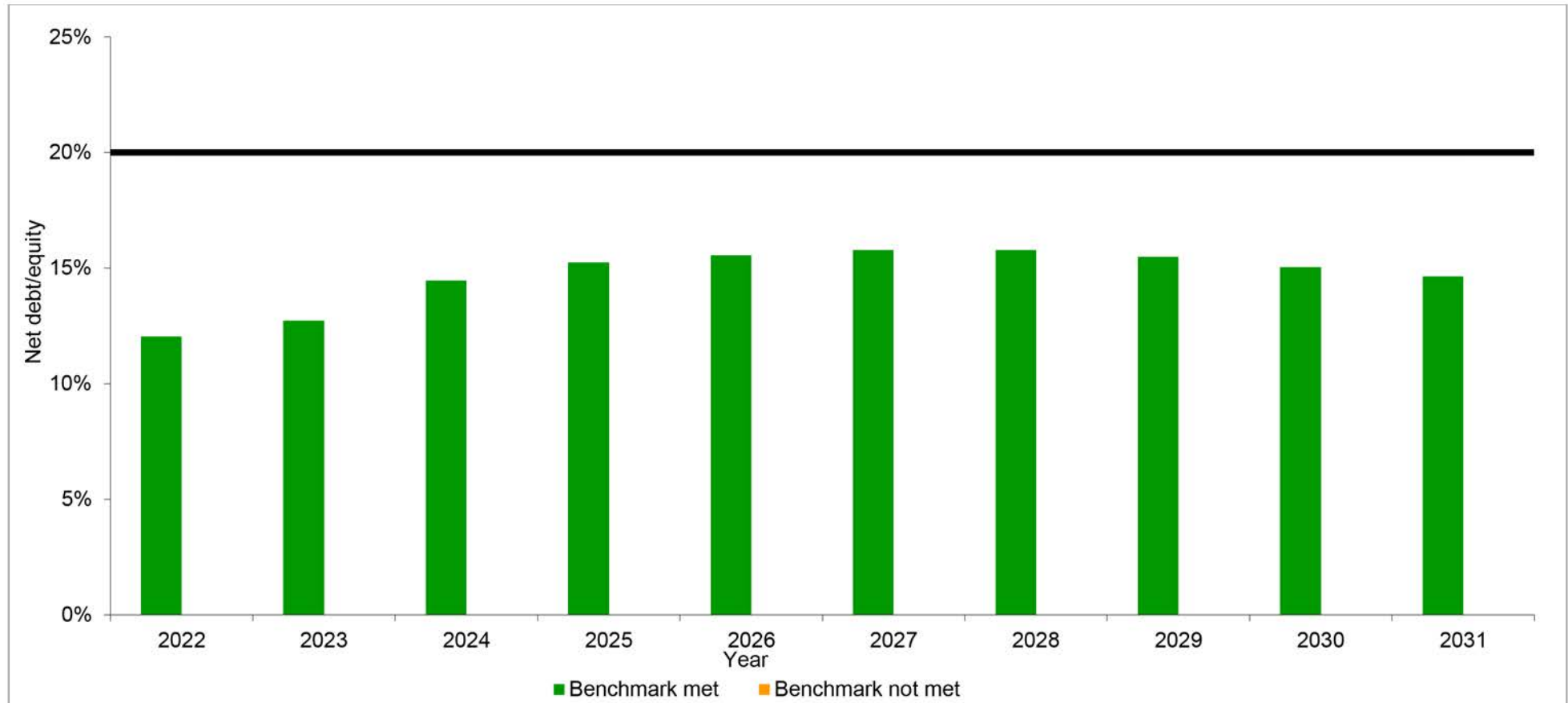
The following graph compares the Council's planned borrowing with a quantified limit on borrowing contained within the financial strategy and included in this long-term plan. The quantified limit on borrowing has been set at 300% of the net debt to revenue ratio for the first year of the long-term plan), then reducing 5% each year until 2026 where the limit remains at 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%

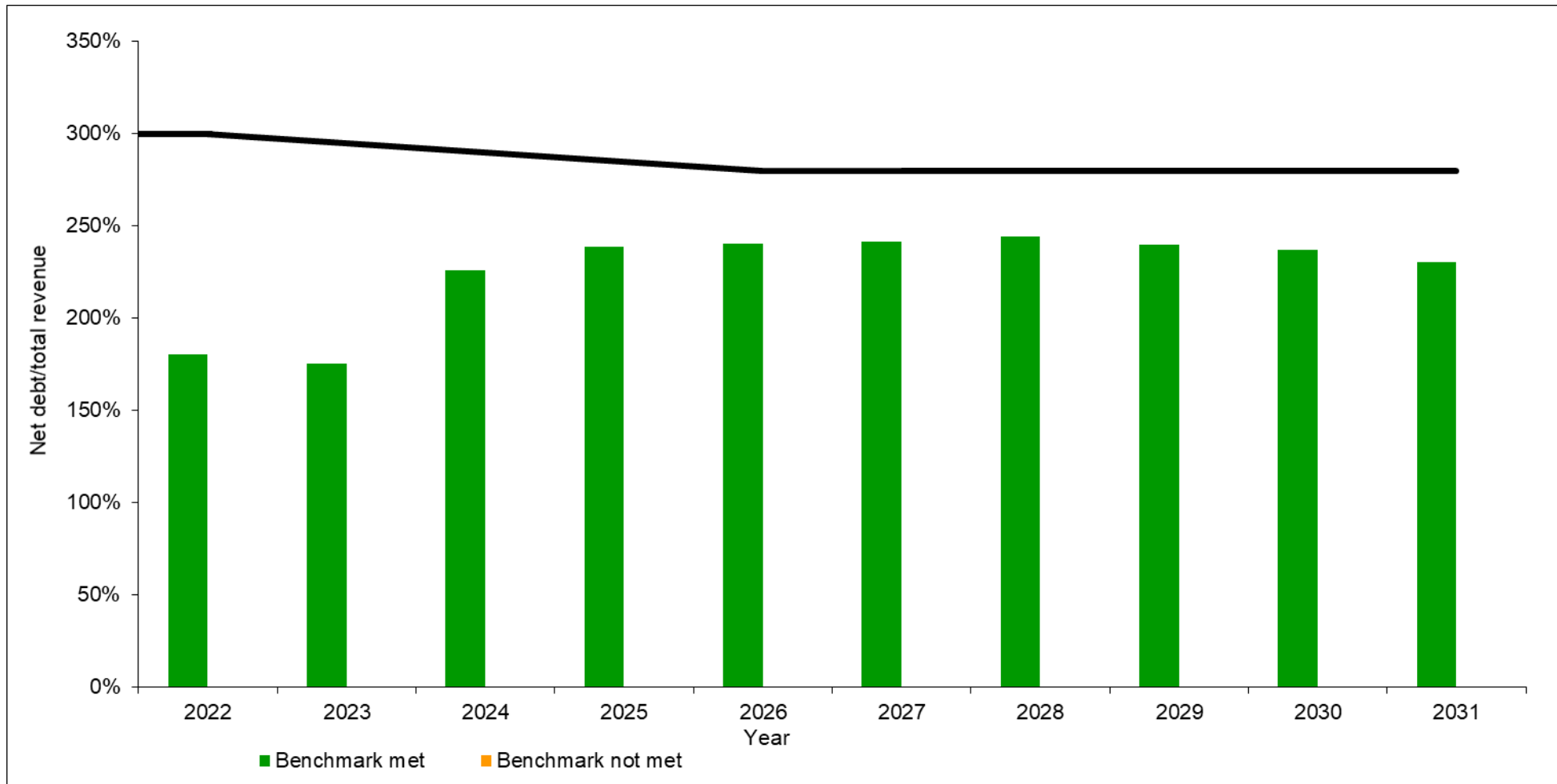




*Net debt as a percentage of total revenue*

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.

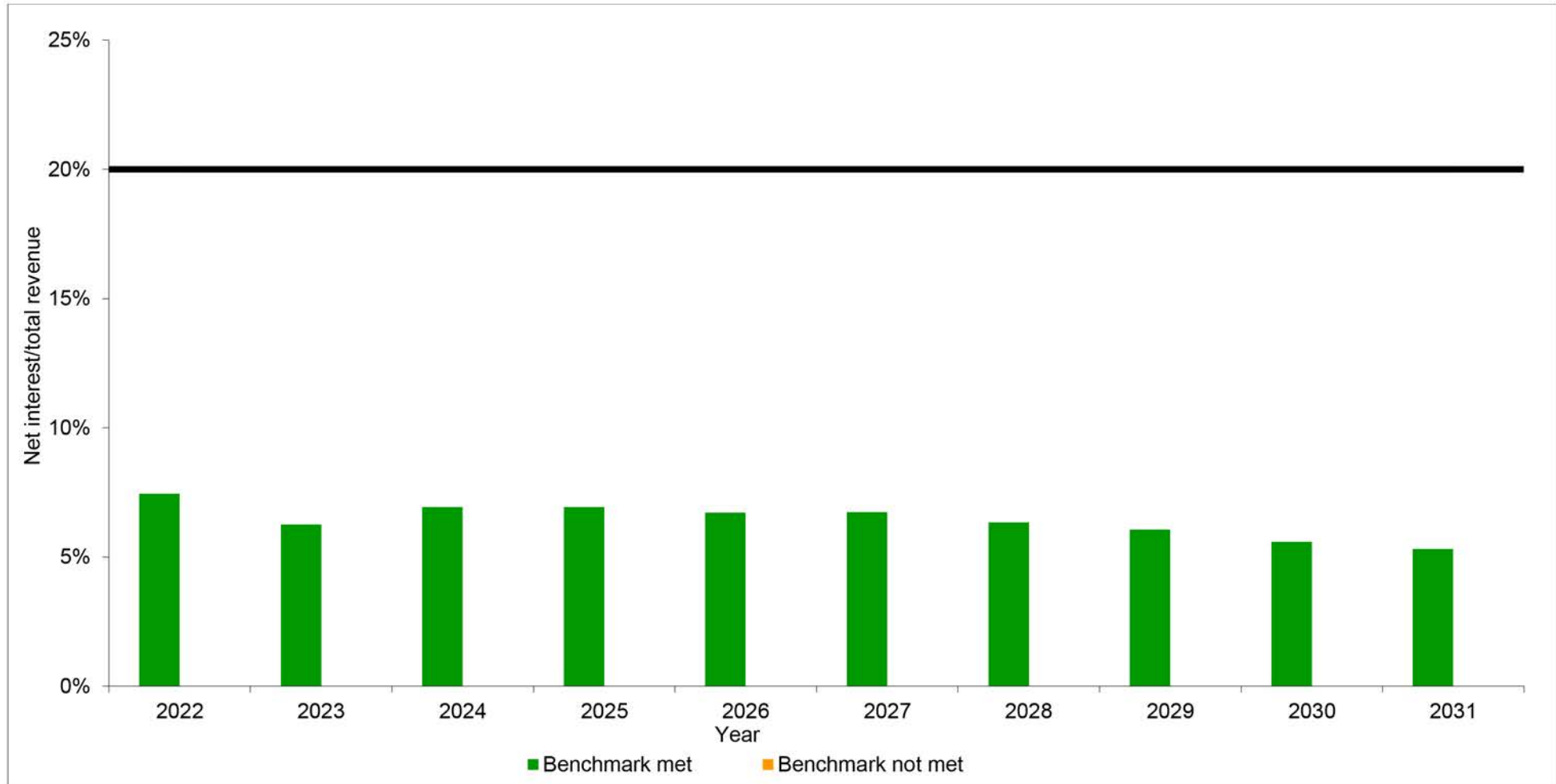
The quantified limit is net debt as a percentage of total revenue being less than or equal to 300% for the first year of the long-term plan, then reducing 5% each year until 2026 where the limit remains at 280% for the remaining long-term plan years.



*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.

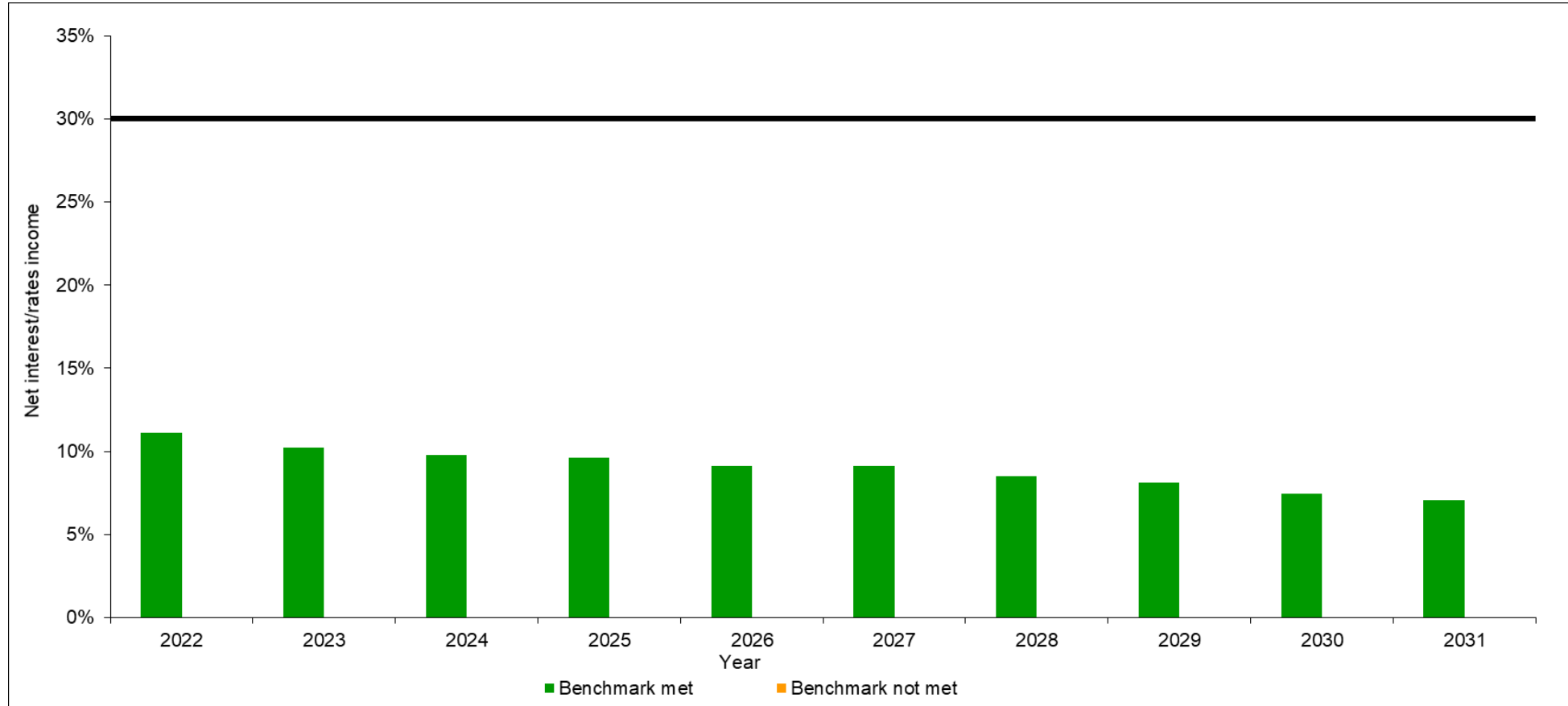
The quantified limit is net interest as a percentage of total operating revenue being less than or equal to 20%.



*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.

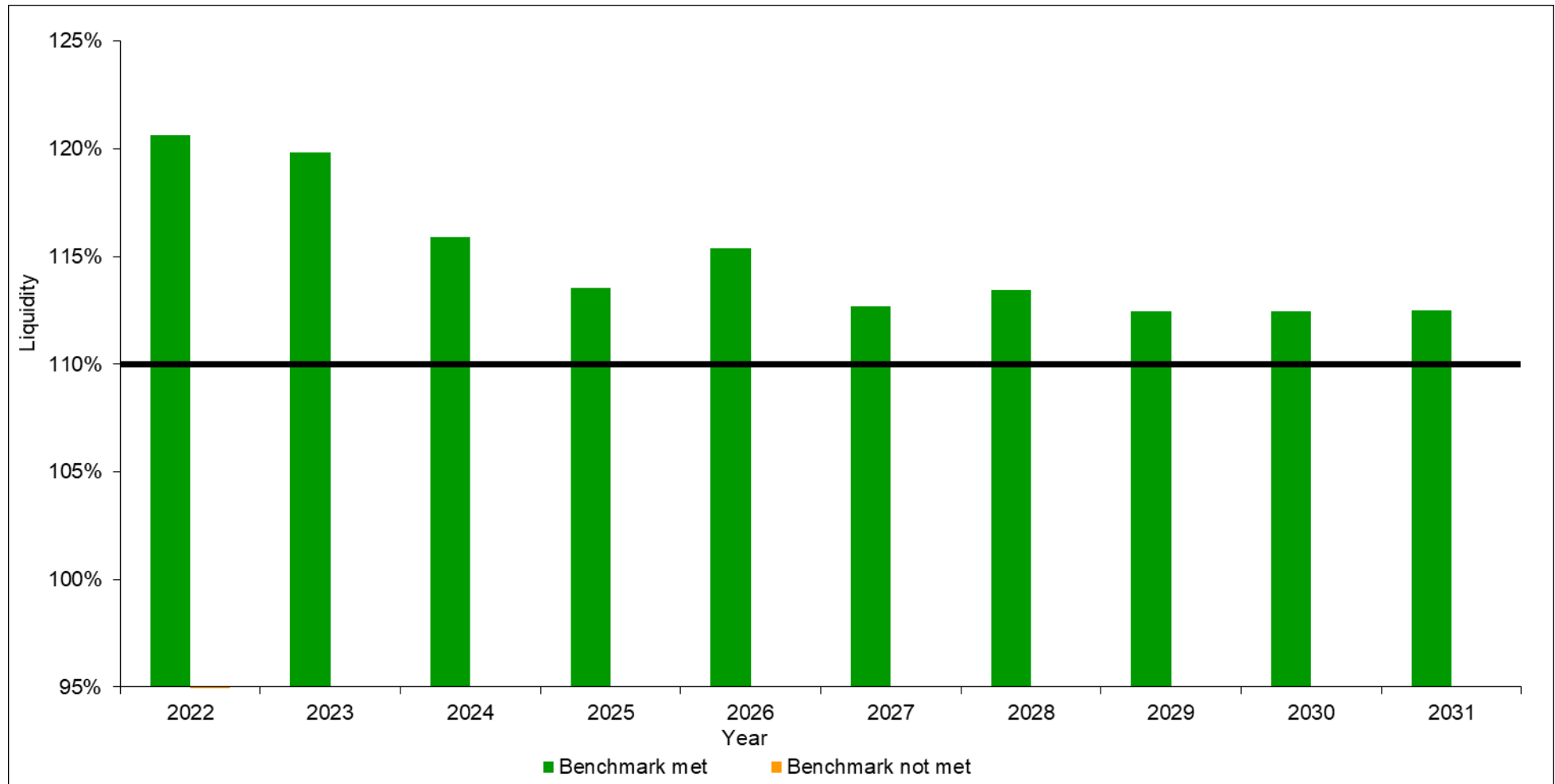
The quantified limit is net interest as a percentage of annual rates income being less than or equal to 30%.



*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.

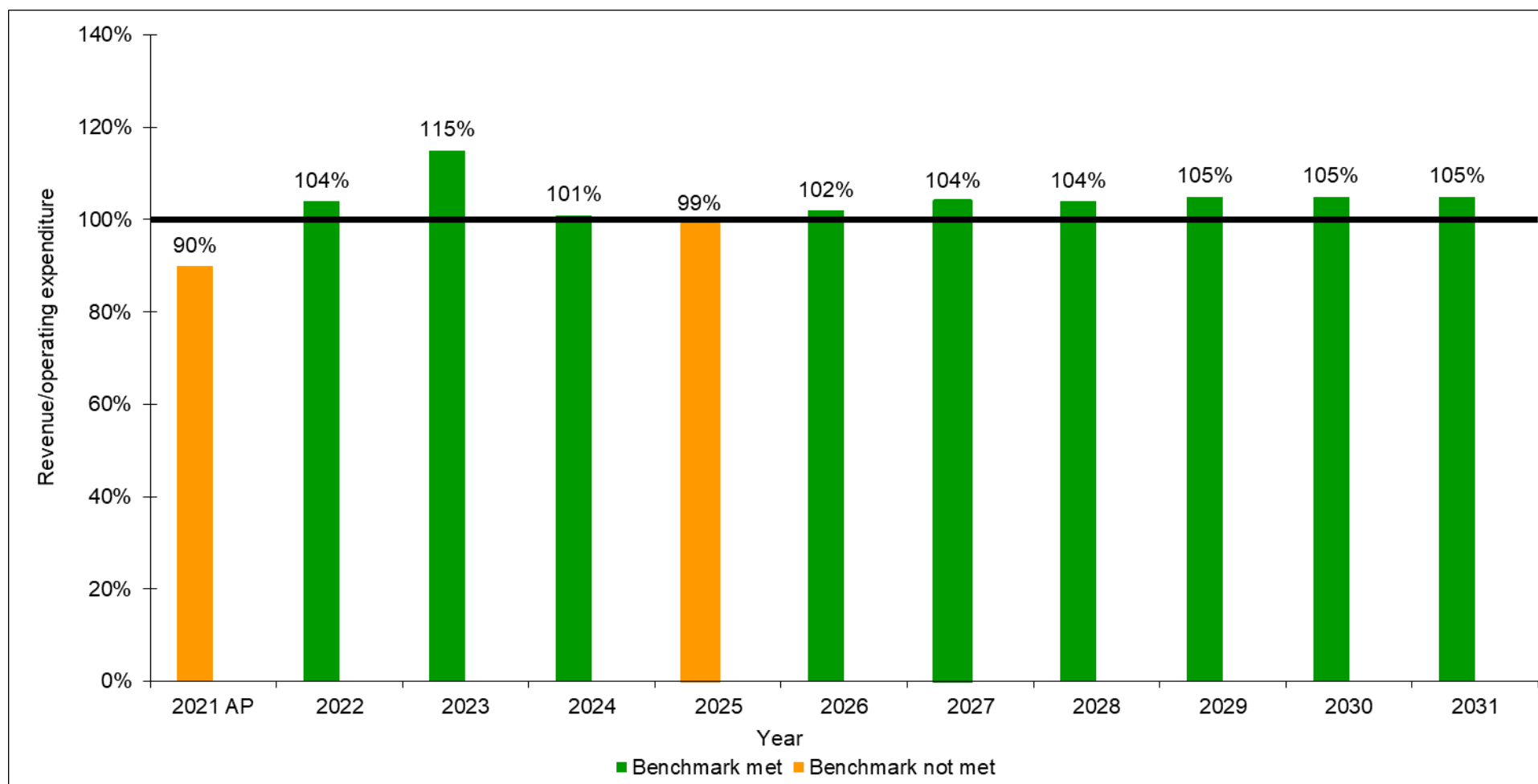


## Balanced budget benchmark

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.

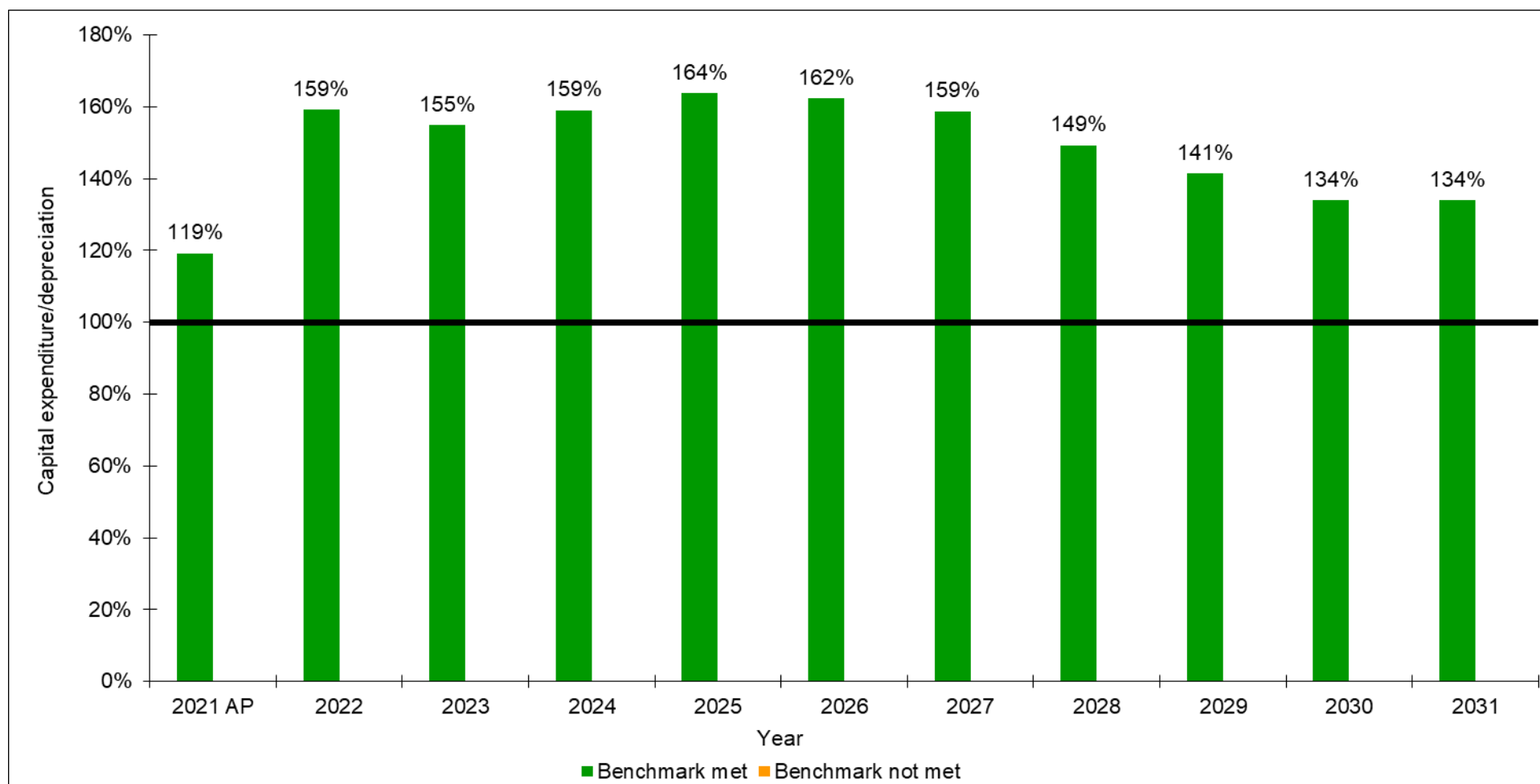
Council's policy is to rate for renewals rather than depreciation. Council is increasing its rating for renewals over the period of the long-term plan to better match long run renewal projections.



## 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.

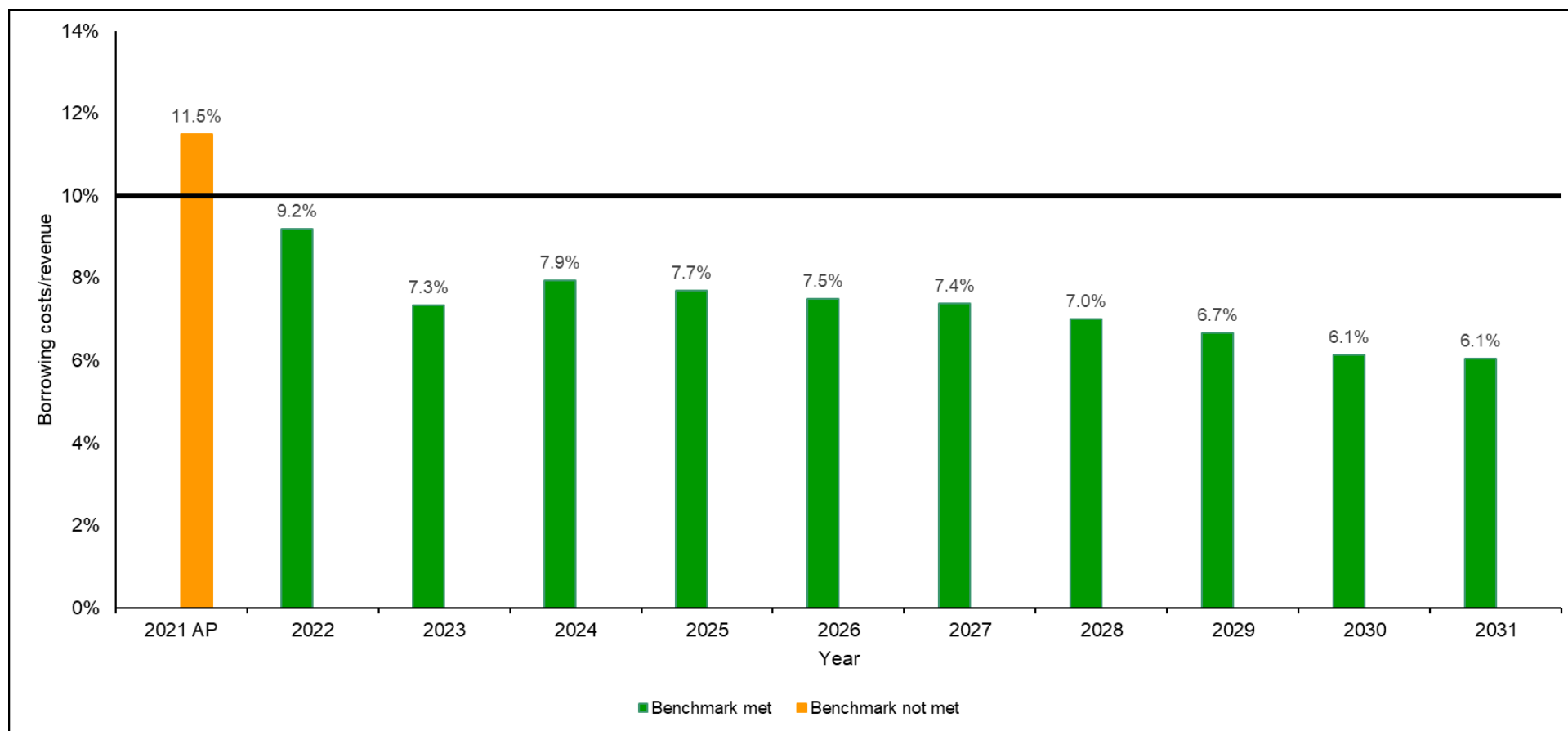


## Debt servicing benchmark

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).

Statistics New Zealand projects the Council's population will grow more slowly than the national population, and will meet the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

While Council has significant debt, low interest rates have improved this ratio going forward. There is no concern around Council's ability to service the debt.



# Prospective Financial Statements



**Christchurch City Council**  
**Prospective statement of comprehensive revenue and expense**

Plan 2020/21	Note	Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>\$000</b>											
<b>Revenue</b>											
557,225		594,819	624,457	656,878	690,811	734,909	770,706	799,508	834,733	858,467	892,666
21,874		24,276	24,115	23,112	23,013	23,565	24,131	24,734	25,402	26,088	26,766
67,497		154,152	227,739	85,599	67,066	68,211	73,707	67,574	67,884	64,431	66,219
152,719	1	146,830	169,980	191,279	198,576	197,628	200,419	206,012	213,546	219,830	227,968
<b>799,315</b>	<b>Total income</b>	<b>920,077</b>	<b>1,046,291</b>	<b>956,868</b>	<b>979,466</b>	<b>1,024,313</b>	<b>1,068,963</b>	<b>1,097,828</b>	<b>1,141,565</b>	<b>1,168,816</b>	<b>1,213,619</b>
<b>Expenditure</b>											
88,635		81,837	75,121	73,937	73,662	75,229	77,372	75,330	74,623	70,226	69,229
270,536	2	284,515	301,964	316,629	333,357	347,127	360,331	375,731	392,864	407,047	417,210
493,336	3	491,607	508,020	528,646	557,420	560,576	571,944	577,398	596,114	608,179	624,288
<b>852,507</b>	<b>Total operating expenditure</b>	<b>857,959</b>	<b>885,105</b>	<b>919,212</b>	<b>964,439</b>	<b>982,932</b>	<b>1,009,647</b>	<b>1,028,459</b>	<b>1,063,601</b>	<b>1,085,452</b>	<b>1,110,727</b>
<b>(53,192)</b>	<b>Surplus before asset contributions</b>	<b>62,118</b>	<b>161,186</b>	<b>37,656</b>	<b>15,027</b>	<b>41,381</b>	<b>59,316</b>	<b>69,369</b>	<b>77,964</b>	<b>83,364</b>	<b>102,892</b>
45,635	Vested assets <sup>ii</sup>	17,000	241,391	17,808	18,254	18,710	19,196	19,715	20,267	20,854	21,418
<b>(7,557)</b>	<b>Surplus before income tax expense</b>	<b>79,118</b>	<b>402,577</b>	<b>55,464</b>	<b>33,281</b>	<b>60,091</b>	<b>78,512</b>	<b>89,084</b>	<b>98,231</b>	<b>104,218</b>	<b>124,310</b>
-	Income tax expense	-	-	(2,223)	(1,820)	(1,747)	(1,669)	(1,589)	(1,589)	(1,589)	(1,589)
<b>(7,557)</b>	<b>Net surplus for year</b>	<b>79,118</b>	<b>402,577</b>	<b>57,687</b>	<b>35,101</b>	<b>61,838</b>	<b>80,181</b>	<b>90,673</b>	<b>99,820</b>	<b>105,807</b>	<b>125,899</b>
<b>Other comprehensive revenue and expense</b>											
255,218	Changes in Revaluation Reserve	331,505	359,867	386,898	432,051	429,838	447,606	527,379	547,648	624,609	567,380
<b>247,661</b>	<b>Total comprehensive revenue and expense</b>	<b>410,623</b>	<b>762,444</b>	<b>444,585</b>	<b>467,152</b>	<b>491,676</b>	<b>527,787</b>	<b>618,052</b>	<b>647,468</b>	<b>730,416</b>	<b>693,279</b>

Footnotes:

i. Grants and subsidies include: Crown Contributions for the Canterbury Multi Use Arena (2021/22 - \$55.9m, 2022/23 - \$141.8m), Shovel Ready revenues (\$70.5m spread from 2021/22 - 2024/25), and Water Reform (2021/22 - \$16.9m).

ii. Vested Assets include \$224m in 2022/23 for the Metro Sports Facility which is to be handed over to Council from the Crown.

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

Plan 2020/21		Note	Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
12,443,811	<b>Ratepayers equity at July 1</b>		12,890,191	13,300,813	14,063,255	14,507,841	14,974,991	15,466,665	15,994,455	16,612,506	17,259,973	17,990,389
	Net surplus attributable to:											
	<b>Reserves</b>											
255,218	Revaluation reserve		331,505	359,867	386,898	432,051	429,838	447,606	527,379	547,648	624,609	567,380
	<b>Retained earnings</b>											
(7,557)	Surplus		79,118	402,577	57,687	35,101	61,838	80,181	90,673	99,820	105,807	125,899
247,661	Total comprehensive income for the year		410,623	762,444	444,585	467,152	491,676	527,787	618,052	647,468	730,416	693,279
<b>12,691,472</b>	<b>Ratepayers equity at June 30</b>	8	<b>13,300,814</b>	<b>14,063,257</b>	<b>14,507,840</b>	<b>14,974,993</b>	<b>15,466,667</b>	<b>15,994,452</b>	<b>16,612,507</b>	<b>17,259,974</b>	<b>17,990,389</b>	<b>18,683,668</b>

**Christchurch City Council**  
**Prospective statement of financial position**

Plan 2020/21	Note	Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$000											
<b>Current assets</b>											
94,874		101,634	103,182	104,837	106,608	108,496	110,429	112,491	114,775	117,121	119,439
83,228	4	96,281	98,284	100,427	102,716	105,160	107,662	110,331	113,286	116,320	119,321
3,262		3,386	3,458	3,534	3,617	3,703	3,791	3,887	3,991	4,100	4,206
5,424		19,301	19,989	22,801	15,829	18,469	21,187	22,791	25,903	28,382	30,936
<b>Non-current assets</b>											
Investments											
2,860,783		2,913,718	3,047,240	3,179,916	3,220,350	3,272,940	3,266,593	3,333,291	3,374,422	3,450,786	3,528,482
139,863		137,151	137,531	137,961	136,453	134,052	134,746	127,527	128,381	124,274	125,184
71,932		77,867	79,915	78,478	75,528	72,338	68,619	65,050	62,090	60,118	58,867
1,597,229		1,754,343	2,059,842	2,146,507	2,234,185	2,320,004	2,417,768	2,521,032	2,618,587	2,728,632	2,831,884
9,279,205		9,684,115	10,029,885	10,406,961	10,820,981	11,249,349	11,700,799	12,156,553	12,619,417	13,089,581	13,554,547
1,174,940		1,235,580	1,263,539	1,295,265	1,327,797	1,355,688	1,384,711	1,436,657	1,474,864	1,516,151	1,555,999
<b>15,310,740</b>	<b>Total assets</b>	<b>16,023,376</b>	<b>16,842,865</b>	<b>17,476,687</b>	<b>18,044,064</b>	<b>18,640,199</b>	<b>19,216,305</b>	<b>19,889,610</b>	<b>20,535,716</b>	<b>21,235,465</b>	<b>21,928,865</b>
<b>Current liabilities</b>											
122,460		148,471	151,589	154,925	158,488	162,292	166,186	170,340	174,940	179,664	184,333
268,200	5	307,200	276,100	195,500	176,500	175,200	179,027	370,478	331,628	317,298	182,027
27,292	6	22,608	23,251	23,248	23,808	24,293	24,849	25,440	26,110	26,866	27,513
<b>Non-current liabilities</b>											
1,924,863	5	1,899,548	2,008,453	2,293,651	2,443,178	2,562,211	2,605,756	2,514,132	2,579,852	2,631,329	2,797,253
272,157	7	342,156	317,577	298,822	264,328	246,698	243,123	193,723	160,138	86,756	50,822
4,296		2,579	2,638	2,701	2,769	2,838	2,912	2,990	3,074	3,163	3,249
12,691,472	8	13,300,814	14,063,257	14,507,840	14,974,993	15,466,667	15,994,452	16,612,507	17,259,974	17,990,389	18,683,668
<b>15,310,740</b>	<b>Total equity and liabilities</b>	<b>16,023,376</b>	<b>16,842,865</b>	<b>17,476,687</b>	<b>18,044,064</b>	<b>18,640,199</b>	<b>19,216,305</b>	<b>19,889,610</b>	<b>20,535,716</b>	<b>21,235,465</b>	<b>21,928,865</b>

# Christchurch City Council

## Prospective cash flow statement

Plan 2020/21		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$000										
<b>Operating activities</b>											
<b>Cash was provided from:</b>											
750,677	Rates, grants, subsidies and other sources	884,194	996,458	892,678	910,775	960,710	1,005,368	1,032,243	1,072,895	1,097,024	1,137,661
20,115	Interest received	15,396	10,913	9,212	7,015	7,579	6,503	6,609	6,239	5,619	5,572
27,452	Dividends	19,447	35,828	54,230	60,746	54,755	55,601	57,151	60,247	63,874	68,100
<b>798,244</b>		<b>919,037</b>	<b>1,043,199</b>	<b>956,120</b>	<b>978,536</b>	<b>1,023,044</b>	<b>1,067,472</b>	<b>1,096,003</b>	<b>1,139,381</b>	<b>1,166,517</b>	<b>1,211,333</b>
<b>Cash was disbursed to:</b>											
485,068	Payments to suppliers and employees	494,067	505,205	525,791	553,833	556,777	567,999	573,165	591,382	603,334	619,607
88,635	Interest paid	81,837	75,121	73,937	73,662	75,229	77,372	75,330	74,623	70,226	69,229
<b>573,703</b>		<b>575,904</b>	<b>580,326</b>	<b>599,728</b>	<b>627,495</b>	<b>632,006</b>	<b>645,371</b>	<b>648,495</b>	<b>666,005</b>	<b>673,560</b>	<b>688,836</b>
<b>219,094</b>	<b>Net cash flow from operations</b>	<b>343,133</b>	<b>462,873</b>	<b>356,392</b>	<b>351,041</b>	<b>391,038</b>	<b>422,101</b>	<b>447,508</b>	<b>473,376</b>	<b>492,957</b>	<b>522,497</b>
<b>Investing activities</b>											
<b>Cash was provided from:</b>											
4,994	Sale of assets	8,496	7,669	520	533	546	560	576	592	609	625
143,918	Investments realised	159,700	114,000	110,700	56,472	15,000	75,200	14,662	37,000	11,823	2,000
<b>154,359</b>		<b>168,196</b>	<b>121,669</b>	<b>111,220</b>	<b>57,005</b>	<b>15,546</b>	<b>75,760</b>	<b>15,238</b>	<b>37,592</b>	<b>12,432</b>	<b>2,625</b>
<b>Cash was applied to:</b>											
487,904	Purchase of assets	522,194	467,931	483,443	511,882	519,789	540,582	558,907	532,442	537,711	550,903
31,454	Purchase of investments	86,285	192,180	184,300	24,920	-	-	-	-	-	-
-	Purchase of investments (special funds)	1,628	688	2,812	-	2,640	2,718	1,604	3,112	2,479	2,554
<b>519,358</b>		<b>610,107</b>	<b>660,799</b>	<b>670,555</b>	<b>536,802</b>	<b>522,429</b>	<b>543,300</b>	<b>560,511</b>	<b>535,554</b>	<b>540,190</b>	<b>553,457</b>
<b>(364,999)</b>	<b>Net cash flow from investing activities</b>	<b>(441,911)</b>	<b>(539,130)</b>	<b>(559,335)</b>	<b>(479,797)</b>	<b>(506,883)</b>	<b>(467,540)</b>	<b>(545,273)</b>	<b>(497,962)</b>	<b>(527,758)</b>	<b>(550,832)</b>

Plan 2020/21		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Financing activities</b>											
<b>Cash was provided from:</b>											
206,265	Raising of loans	317,982	260,427	403,640	278,092	229,714	225,586	224,043	181,202	172,931	162,962
<u>206,265</u>		<u>317,982</u>	<u>260,427</u>	<u>403,640</u>	<u>278,092</u>	<u>229,714</u>	<u>225,586</u>	<u>224,043</u>	<u>181,202</u>	<u>172,931</u>	<u>162,962</u>
<b>Cash was applied to:</b>											
51,929	Repayment of term liabilities	219,204	182,622	199,042	147,565	111,981	178,214	124,216	154,332	135,784	132,309
<u>51,929</u>		<u>219,204</u>	<u>182,622</u>	<u>199,042</u>	<u>147,565</u>	<u>111,981</u>	<u>178,214</u>	<u>124,216</u>	<u>154,332</u>	<u>135,784</u>	<u>132,309</u>
<b>154,336</b>	<b>Net cash flow from financing activities</b>	<b>98,778</b>	<b>77,805</b>	<b>204,598</b>	<b>130,527</b>	<b>117,733</b>	<b>47,372</b>	<b>99,827</b>	<b>26,870</b>	37,147	30,653
8,431	Increase/(decrease) in cash	-	1,548	1,655	1,771	1,888	1,933	2,062	2,284	2,346	2,318
86,443	Add opening cash	101,634	101,634	103,182	104,837	106,608	108,496	110,429	112,491	114,775	117,121
<u>94,874</u>	<b>Ending cash balance</b>	<u>101,634</u>	<u>103,182</u>	<u>104,837</u>	<u>106,608</u>	<u>108,496</u>	<u>110,429</u>	<u>112,491</u>	<u>114,775</u>	<u>117,121</u>	<u>119,439</u>
<b>Represented by:</b>											
94,874	Cash and cash equivalents	101,634	103,182	104,837	106,608	108,496	110,429	112,491	114,775	117,121	119,439

## Notes to the prospective financial statements

Plan 2020/21		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
	<b>NOTE 1</b>										
	<b>Other revenue</b>										
104,814	Fees and charges	111,684	122,958	127,512	130,435	134,810	137,745	141,601	146,346	149,592	153,529
	Interest:										
18,395	Subsidiaries	14,152	9,140	7,232	4,560	4,657	3,206	2,862	2,017	1,270	1,109
719	Special and other fund investments	442	626	797	1,227	1,645	1,912	2,380	2,770	2,918	2,992
1,112	Short term investments	608	554	634	734	932	1,126	1,319	1,467	1,552	1,614
227	Housing trust	497	874	874	874	829	829	699	699	624	624
<u>20,453</u>	Total interest revenue	<u>15,699</u>	<u>11,194</u>	<u>9,537</u>	<u>7,395</u>	<u>8,063</u>	<u>7,073</u>	<u>7,260</u>	<u>6,953</u>	<u>6,364</u>	<u>6,339</u>
	Dividends:										
18,800	Christchurch City Holdings Ltd	16,075	32,418	50,703	57,180	51,072	51,802	53,274	56,370	59,997	64,223
8,557	Transwaste Ltd	3,307	3,345	3,462	3,501	3,618	3,734	3,812	3,812	3,812	3,812
95	Other	65	65	65	65	65	65	65	65	65	65
<u>27,452</u>	Total dividend revenue	<u>19,447</u>	<u>35,828</u>	<u>54,230</u>	<u>60,746</u>	<u>54,755</u>	<u>55,601</u>	<u>57,151</u>	<u>60,247</u>	<u>63,874</u>	<u>68,100</u>
<b><u>152,719</u></b>	<b>Total other revenue</b>	<b><u>146,830</u></b>	<b><u>169,980</u></b>	<b><u>191,279</u></b>	<b><u>198,576</u></b>	<b><u>197,628</u></b>	<b><u>200,419</u></b>	<b><u>206,012</u></b>	<b><u>213,546</u></b>	<b><u>219,830</u></b>	<b><u>227,968</u></b>

Plan 2020/21		Plan									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
	<b>NOTE 2</b>										
	<b>Depreciation</b>										
25,079	Communities & Citizens	27,199	31,897	35,076	36,603	37,996	38,561	38,986	39,976	41,257	42,718
300	Flood Protection & Control Works	334	532	719	944	1,189	1,394	1,550	1,728	1,944	2,085
-	Governance	-	-	-	-	-	-	-	-	-	-
6,543	Housing	5,966	6,224	6,488	6,752	7,025	7,324	7,659	8,009	8,373	8,749
22,039	Parks, Heritage and Coastal Environment	22,991	23,795	24,611	25,774	27,048	27,974	29,371	29,726	31,050	33,058
2,743	Solid Waste & Resource Recovery	2,718	3,035	3,306	3,409	3,541	3,715	3,922	3,803	3,382	3,516
74	Regulatory & Compliance	77	79	80	81	83	85	87	89	92	94
20,036	Stormwater Drainage	22,088	22,969	23,686	24,558	25,459	26,756	28,108	29,554	31,039	32,599
200	Strategic Planning & Policy	390	562	712	870	993	1,016	1,044	1,073	1,104	1,134
67,523	Transport	71,041	76,003	81,266	87,199	91,952	97,626	102,105	109,434	112,547	114,941
65,768	Wastewater	67,799	70,257	72,337	75,293	76,946	79,124	82,985	86,846	90,286	92,905
39,631	Water Supply	40,331	42,113	44,187	46,399	48,411	48,663	50,918	53,346	56,118	54,965
20,600	Corporate	23,581	24,498	24,161	25,475	26,484	28,093	28,996	29,280	29,855	30,446
<b>270,536</b>	<b>Total Depreciation</b>	<b>284,515</b>	<b>301,964</b>	<b>316,629</b>	<b>333,357</b>	<b>347,127</b>	<b>360,331</b>	<b>375,731</b>	<b>392,864</b>	<b>407,047</b>	<b>417,210</b>
	<b>NOTE 3</b>										
	<b>Other expenses</b>										
	Operating expenditure:										
203,793	Personnel costs	199,681	207,384	214,912	219,802	225,217	230,173	235,925	242,293	248,697	255,200
38,924	Donations, grants and levies	51,616	47,788	47,946	63,260	50,784	52,573	43,754	44,234	44,789	45,261
250,619	Other operating costs	240,310	252,848	265,788	274,358	284,575	289,198	297,719	309,587	314,693	323,827
<b>493,336</b>	<b>Total other expenses</b>	<b>491,607</b>	<b>508,020</b>	<b>528,646</b>	<b>557,420</b>	<b>560,576</b>	<b>571,944</b>	<b>577,398</b>	<b>596,114</b>	<b>608,179</b>	<b>624,288</b>

Plan 2020/21		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
	<b>NOTE 4</b>										
	<b>Trade receivables and prepayments</b>										
21,494	Rates debtors	30,719	31,364	32,055	32,792	33,579	34,385	35,245	36,197	37,172	38,139
13,416	Trade debtors	10,444	10,664	10,899	11,150	11,418	11,692	11,985	12,309	12,642	12,971
47,309	Other receivables/prepayments	55,319	58,057	57,814	58,760	60,583	62,172	63,762	65,983	67,825	69,689
2,227	GST receivable	1,236	(310)	1,160	1,544	1,153	1,026	993	503	434	322
84,446		97,718	99,775	101,928	104,246	106,733	109,275	111,985	114,992	118,073	121,121
(1,218)	Less provision for doubtful debts	(1,437)	(1,491)	(1,501)	(1,530)	(1,573)	(1,613)	(1,654)	(1,706)	(1,753)	(1,800)
<b>83,228</b>	<b>Total trade receivables and prepayments</b>	<b>96,281</b>	<b>98,284</b>	<b>100,427</b>	<b>102,716</b>	<b>105,160</b>	<b>107,662</b>	<b>110,331</b>	<b>113,286</b>	<b>116,320</b>	<b>119,321</b>
	<b>NOTE 5</b>										
	<b>Debt</b>										
268,200	Current portion of gross debt	307,200	276,100	195,500	176,500	175,200	179,027	370,478	331,628	317,298	182,027
1,924,863	Non current portion of gross debt	1,899,548	2,008,453	2,293,651	2,443,178	2,562,211	2,605,756	2,514,132	2,579,852	2,631,329	2,797,253
2,193,063	Total gross debt	2,206,748	2,284,553	2,489,151	2,619,678	2,737,411	2,784,783	2,884,610	2,911,480	2,948,627	2,979,280
1,427,971	Total net debt	1,600,177	1,789,443	2,099,293	2,282,196	2,407,021	2,523,758	2,621,349	2,674,172	2,707,780	2,734,816
	<b>NOTE 6</b>										
	<b>Other current liabilities and provisions</b>										
4,222	Provision for landfill aftercare	807	1,018	553	620	578	594	610	643	745	745
1,200	Provision for building related claims	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
21,870	Provision for employee entitlements	20,561	20,993	21,455	21,948	22,475	23,015	23,590	24,227	24,881	25,528
<b>27,292</b>	<b>Total other liabilities and provisions</b>	<b>22,608</b>	<b>23,251</b>	<b>23,248</b>	<b>23,808</b>	<b>24,293</b>	<b>24,849</b>	<b>25,440</b>	<b>26,110</b>	<b>26,866</b>	<b>27,513</b>



Plan 2020/21		Plan 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$000									
<b>NOTE 7</b>											
<b>Non-current other liabilities and provisions</b>											
10,125	Provision for landfill aftercare	16,545	15,526	14,973	14,353	13,776	13,181	12,572	11,928	11,183	10,439
4,038	Provision for employee entitlements	3,448	3,520	3,597	3,680	3,768	3,859	3,955	4,062	4,172	4,280
4,808	Provision for building related claims	4,958	4,958	4,958	4,958	4,958	4,958	4,958	4,958	4,959	4,958
251,286	Hedge and other liabilities	316,040	293,144	275,294	241,337	224,196	221,125	172,238	139,190	66,442	31,145
1,900	Service concession arrangement	1,165	429	-	-	-	-	-	-	-	-
<b>272,157</b>	<b>Total non-current other liabilities and provisions</b>	<b>342,156</b>	<b>317,577</b>	<b>298,822</b>	<b>264,328</b>	<b>246,698</b>	<b>243,123</b>	<b>193,723</b>	<b>160,138</b>	<b>86,756</b>	<b>50,822</b>
<b>NOTE 8</b>											
<b>Equity</b>											
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
148,524	Reserve funds	166,301	166,989	169,801	162,829	165,469	168,187	169,791	172,903	175,382	177,936
6,777,617	Asset revaluation reserves	7,006,405	7,366,272	7,753,170	8,185,219	8,615,057	9,062,663	9,590,043	10,137,690	10,762,299	11,329,678
4,031,478	Retained earnings	4,394,255	4,796,143	4,851,016	4,893,092	4,952,288	5,029,749	5,118,820	5,215,528	5,318,855	5,442,201
<b>12,691,472</b>	<b>Total equity</b>	<b>13,300,814</b>	<b>14,063,257</b>	<b>14,507,840</b>	<b>14,974,993</b>	<b>15,466,667</b>	<b>15,994,452</b>	<b>16,612,507</b>	<b>17,259,974</b>	<b>17,990,389</b>	<b>18,683,668</b>

# 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:

### Description of the nature of the entity’s current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council’s principal activities are outlined within this Draft Long Term Plan.

### Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 10 years and include them within the Draft 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 Draft Long Term 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

New accounting standards, interpretations and amendments have been issued but are not yet effective. They include PBE IFRS 17 Insurance Contracts effective 1 January 2022, a future standard dealing with disclosure requirements that applies to not-for-profit PBEs only, effective 1 January 2022. PBE IPSAS 41 Financial Instruments effective 1 January 2022 replaces *PBE IFRS 9 – Financial Instruments* (which was adopted in 2018/19) and parts of *PBE IPSAS 29 - Financial Instruments: Recognition and Measurement*. This standard is effective from the year ending 30 June 2022, and is not expected to have any material impact on the Council's reporting requirements.

The 2018 annual omnibus amendment to *PBE IPSAS 2 Cash Flow Statements* which comes into effect for the year ended 30 June 2022. This amendment does not have any material impact on the Council's reporting requirements.

*PBE FRS 48 Service Performance Reporting*, establishes requirements to PBEs to select and present service performance information. This standard is effective from the year ending 30 June 2022, and does not have any material impact on the Council.

The draft prospective financial statements were authorised for issue on 4 March 2021 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 Draft Long Term 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 2031. 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.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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.

#### (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 Policy).

#### (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.

## 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 Policy).

#### (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.

## 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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the 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 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 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
Resource consents and easements	5-10 yrs

Infrastructure Assets:	Estimated Useful Life
Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	25-80 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	15-110 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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date in accordance with the requirements of *PBE IPSAS 17 – Property, Plant and Equipment*.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of *PBE IPSAS 21 – Impairment of Non-Cash-Generating Assets* and *PBE IPSAS 26 - Impairment of Cash-Generating Assets*.

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 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) 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.

### (iv) 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
Software	1-10 yrs
Resource consents and easements	5-10 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 item being hedged (see Hedging Policy).

### 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.

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

Loan advances and investment in debt securities, are classified as financial assets and measured at fair value through surplus or deficit.

## 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 loss over the life of the asset (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. For the Group, 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.

## 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: 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. A right 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:

- Property costs: pro rata based on the number of desks held for use for each unit.
- IT costs: pro rata based on the total number of active IT users.

- Human Resources and Payroll Services cost: pro rata based on the total number of planned employee work hours.
- 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 Draft 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 will 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	Reasons and Financial Impact of Uncertainty
<b>1. Capital Programme and infrastructure assets</b>			
<p><b>1.1 Capital Works.</b> Programmes and projects are assumed to be delivered within budget and on time. 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.</p>	<p>Actual costs will vary from estimates, due to higher input prices and/or delivery delays, resulting in budget shortfalls. These are partially offset by the delay in borrowing.</p> <p>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.</p>	<p>Moderate/ Low</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• possible additional reactive opex; not all delays lead to additional costs.</li> <li>• possible reduction in opex if the delay relates to a new facility</li> <li>• projects may cost more than planned due to inflation.</li> <li>• less funds will need to be borrowed in the short term. Delaying new borrowing will impact on the timing of financing costs.</li> <li>• possible reduction to levels of service</li> </ul>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
			<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>1.2 Sources of funds for replacing assets.</b> The sources of funds will occur as projected.	Funding does not occur as projected.	Low	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 a 0.08% increase to rates spread over two years. This increase accounts for the interest cost and repayment of the borrowing over 30 years.
<b>1.3 Asset life.</b> Useful life of assets is as recorded in asset management plans or based upon professional advice (the Accounting Policies detail the useful lives by asset class)	Damage to assets as a result of the earthquakes is such that their useful lives are shortened significantly.	Moderate	<p>Council has updated its database with the latest information. However, condition information on all water assets is more difficult to obtain as the piped networks are below ground therefore making remaining life difficult to quantify.</p> <p>Ideally assets need to be replaced just in time. Earlier replacement would put more pressure on the Council's capital programme, leading to higher depreciation expense and financing costs. Late replacement leads to more expensive replacements costs plus generally greater impacts on the operational costs, community and the environment.</p>
<b>1.4 Carrying value of assets.</b> The opening statement of financial position reflects the correct asset values.  The carrying value of assets are revalued on a regular basis	Asset revaluations will differ to that planned and change projected carrying values of the assets and depreciation expense.	Low	<p>Waste water, water supply and stormwater, were revalued at 30 June 2020.</p> <p>Roading assets were revalued at 30 June 2019</p> <p>Land and buildings were revalued as at 30 June 2018.</p> <p>The valuation of the Council's facilities and infrastructural 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.</p>



Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty							
<b>2. Inflation. Growth and Population</b>										
<b>2.1 Inflation.</b> The price level changes projected will occur. Council has considered both information provided by Business Economic Research Limited to all local authorities and a weighted mix of its own cost inputs in determining appropriate inflators.	Inflation will be higher or lower than anticipated	Low	Current volatility is low. Short term impact will be low as costs will be managed to budget.							
	Inflation on costs will not be offset by inflation on revenues.	Low	Inflation on costs will not be offset by inflation on revenues. Short term impact will be low as costs will be managed to budget.							
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.										
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Capital	2.3%	2.3%	2.4%	2.5%	2.5%	2.6%	2.7%	2.8%	2.9%	2.7%
Opex	2.1%	2.1%	2.2%	2.3%	2.4%	2.4%	2.5%	2.7%	2.7%	2.6%
<b>2.2 Economic Environment.</b> Real production GDP contracted by 2.1% in the year to June 2020. A positive movement of 1.5% is forecast for the year to June 2021 with progressive improvements through to 3.8% in 2024. (Half Year Economic and Fiscal Update from December 2020)  Economic activity in Christchurch will continue to receive some support from the delivery of key anchor projects - the convention centre, metro sports centre and Canterbury Multi Use Arena.  Council has prepared this Plan on the basis that the current predictions about the economy will prove correct.	That there are further unexpected local, national or international economic shocks such as further restrictions on movement and economic activity from a second wave of the COVID-19 virus. This would further exacerbate the contraction in economic activity.	Moderate	Further economic contraction will impact on the rating base and on ratepayers' ability to pay. It could force Council to borrow more heavily or reduce facilities and services.							
<b>2.3 Growth development contributions revenue.</b> Council collects development contributions from property developers to fund the capital	If the number of new properties paying development contributions is less than forecast over the funding life of assets then revenue from	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.							

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
<p>costs of providing infrastructure capacity to service growth development.</p> <p>Development contribution charges are based on apportioning the cost of providing growth infrastructure to the forecast number of new residential, commercial, industrial and other properties. This forecast is based on Council's Growth Model.</p> <p>Development contribution revenue is dependent on the forecast growth materialising over the funding life of the particular growth assets provided.</p>	<p>development contributions will not be sufficient to fund the growth component of the Council's capital programme.</p> <p>If the timing of growth differs significantly from forecast this will impact on Council's cash flows and may necessitate changes to planned borrowing.</p> <p>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.</p>	<p>Low</p>	<p>Any shortfall in development contributions revenue must be funded by borrowing.</p>
<p><b>2.4 Population.</b> Planning for activities, and thus the likely cost of providing those activities is on the assumption that the population of Christchurch will increase at the rate forecast by Council's growth model.</p> <p>That model predicts the population of Christchurch to reach 439,438 by June 2031, an increase of 9.8% over the expected 2021 population. The number of households is projected to increase by 10% over the same period.</p>	<p>That population growth is higher than projected, and Council will need to provide additional unplanned services and infrastructure.</p> <p>That population growth is lower than projected, and the Council will be required to support excess levels of infrastructure and service delivery.</p>	<p>Low</p> <p>Low</p>	<p>Population projections are based upon a standard set of demographic assumptions. The level of risk is low but could impact the cost of providing activities</p> <p>Net increases in inward migration fuelled by a rebuild are difficult to predict as is their sustainability in the medium term.</p> <p>The short term impact of COVID-19 on migration is unknown at this stage.</p>
<p><b>2.5 Rating Base.</b> The capital value of Christchurch is expected to increase across the years of the LTP.</p>	<p>Rating base grows at a different rate from that projected.</p>	<p>Low</p>	<p>Actual growth in the rating base is never known until year end because of the process by which it's measured. Council staff work closely with QV in the period leading up to year end in order to have as accurate an assessment as possible. Variances between the forecast and actual growth in the rating base will cause changes to the total rates revenue collected.</p>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty																																	
<p>The projected percentage increase in rates includes the assumption that growth in the capital value of the city will generate the additional rates revenue as outlined in table below,</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</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> </tr> </thead> <tbody> <tr> <td>Growth %</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> <td>0.8%</td> </tr> <tr> <td>\$ Impact on following year's Rates Base</td> <td>\$4.4 m</td> <td>\$4.7 m</td> <td>\$4.9 m</td> <td>\$5.2 m</td> <td>\$5.5 m</td> <td>\$5.8 m</td> <td>\$6.1 m</td> <td>\$6.3 m</td> <td>\$6.6 m</td> <td>\$6.8 m</td> </tr> </tbody> </table>				Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Growth %	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	\$ Impact on following year's Rates Base	\$4.4 m	\$4.7 m	\$4.9 m	\$5.2 m	\$5.5 m	\$5.8 m	\$6.1 m	\$6.3 m	\$6.6 m	\$6.8 m
Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31																										
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<p><b>2.6 Aging population.</b> The number of people over the age of 65 is expected to increase by 80% by 2051 to 117,800 (24%).</p> <p>By 2051 the number of people over the age of 80 is expected to be around 10% of the population, compared to around 4% in 2021.</p>	<p>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.</p>	Low	<p>Age projections are provided by Statistics New Zealand on a nation-wide basis. The projections for people who will be in post- retirement age groups is determined by the current population structure which does not change significantly, especially in the ages from 45 to 65 years, which will be the retirement age group in the next 20 years.</p>																																	
<h3>3. Impact of policies and external factors</h3>																																				
<p><b>3.1 Council policy.</b> Given the significant extent of government reform, there will be regular updates to Council policy in response to legislative changes and emerging strategic issues..</p>	<p>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.</p>	Low	<p>Dealing with changes in legislation is part of normal Council operations.</p>																																	
<p><b>3.2 Waka Kotahi subsidies.</b> 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.</p>	<p>Changes in the FAR, changes to the overall amount in the National Land Transport Fund, changes to government transport priorities, and changes to eligibility criteria for projects could impact on the amount</p>	Moderate	<p>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.</p> <p>Decisions on what projects will be funded through the National Land Transport Fund will not likely be confirmed</p>																																	

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
	of subsidy we receive from Waka Kotahi.		until after 30 June 2021, and this means there is some uncertainty around funding for some projects. The Council is in discussions with Waka Kotahi to gain more clarity on which projects will receive funding.
<p><b>3.3 Resource Consents.</b> Conditions of resource consents held by Council will not be significantly altered.</p>	<p>Conditions required to obtain/maintain the consents will change, resulting in higher costs than projected, and these costs will not be covered by planned funding.</p>	<p>Moderate/ Low</p>	<p>Advance warning of likely changes is anticipated.</p> <p>The financial impact of failing to obtain/renew resource consents cannot be quantified.</p> <p>Council is currently working through the Akaroa wastewater consent issues. The Comprehensive Stormwater Consent was finalised in December 2019 and costs have been incorporated.</p>
<p><b>3.4 Legislative and Regulatory change.</b> While the Council will continue to operate within the same general legislative environment, and with the same authority, as it does at the time this Plan is published, given the significant programme of government reform, the Council will be required to respond to changes in legislation in response to water reform, climate change and urban planning and form.</p>	<p>Should the local government legislative environment change, the activities and services the Council plans to provide over the period of this Plan could change.</p>	<p>High</p>	<p>The Government has several taskforces reviewing different aspects of local government, with some legislative change having occurred and further expected to occur within the period of this Plan.</p> <p>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.</p>
<p><b>3.5 Water Reform.</b> The Council will continue to deliver water services over the life of the LTP.</p>	<p>The Crown is proposing to establish publicly-owned water service delivery entities of significant scale. If this occurs it will significantly affect Council assets, liabilities, and operating expenditure and revenues.</p> <p>The following water activities are under consideration:</p> <ul style="list-style-type: none"> <li>• Water Supply</li> <li>• Wastewater Collection, Treatment and Disposal</li> <li>• Stormwater Drainage</li> <li>• Land Drainage</li> </ul>	<p>High</p>	<p>These activities have planned direct costs in the 2022 financial year of \$92 million, with a further \$10 million of debt servicing and \$7 million of other internal charges/overheads. Operating revenues total \$9 million.</p> <p>The closing book value of these assets at 30 June 2020 was \$5.9 billion, with a replacement cost of \$10.2 billion.</p> <p>Council does not borrow separately for these activities, but estimates debt relating to these activities is in the order of \$1 billion at 30 June 2020.</p>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
			<p>There will be probable second order impacts, which Council will assess as part of its analysis of the reform proposal (when the proposal is received).</p> <p>We expect Cabinet to make policy decisions around the water reform programme in April/May 2021, which will allow legislation to be prepared. After this, the Government and local authorities, including Christchurch City Council, will engage with local communities later in the year. If we decide to opt in to the reforms, they will likely happen in the 2023/24 financial year.</p>
<p><b>3.6 Potential climate change impacts.</b> 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 Council has developed a draft climate change strategy, which identifies action programmes to respond to the impacts of climate change and the legislative requirements to consider the impacts of climate change.</p> <p>The projected local changes to climate that we must prepare for are:</p> <ul style="list-style-type: none"> <li>a. 0.5 metre rise in sea-level by 2075 and 1 metre sea-level rise by 2120;</li> <li>b. average temperatures will rise 0.5°C – 1.5°C by 2040 and by 3°C by 2090</li> <li>c. changes in rainfall and extreme weather events.</li> </ul>	<p>The timing or severity of any climate change impacts could be worse than expected, meaning the Council is not sufficiently prepared.</p>	<p>Low</p>	<p>Variability in changes to the climate and its impacts and how we respond could result in different financial impacts.</p> <p>We have significant work to do to have a better understanding of our exposure and vulnerability to the impacts of climate change on our assets and how we adapt, to determine the financial impacts.</p>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty							
<b>4. Borrowing Related</b>										
<b>4.1 Credit Rating.</b> The current rating is maintained.	Council's credit rating with Standard and Poor's is downgraded as a result of the additional borrowing required to meet the capital programme.	Moderate	Council's credit rating with Standard and Poor's was upgraded from A+ to AA- on 10 December 2019 with a stable outlook, and reconfirmed in December 2020. There is some risk of a credit downgrade given the additional borrowing required to meet the capital programme planned for the next four years. If the Council falls one notch from its current credit rating (i.e. from AA- to A+) the cost of <i>new</i> borrowing and <i>refinanced</i> borrowing will increase by 5 basis points (0.05 percentage points) for the life of the borrowing.  In such an event, interest costs in 2021/22 could increase by \$0.13 million. This could increase to \$1.1 million annually by 2027/28.							
<b>4.2 Borrowing Costs.</b> Net cost of ratepayer funded borrowing (i.e. including current and projected debt) is projected to fall from 4.1% in 2021/22 to 2.1% in 2030/31. This reflects a combination of the expected path for future interest rates, the timing of new debt, and the Council's existing interest rate hedge commitments.	Interest rates will vary from those projected.	Low / Moderate	Projections are based on assumptions about future market interest rates. Projected borrowing costs are largely hedged against changes in floating interest rates over the first few years of the Long Term Plan, so the impact of interest rate changes over that period is low. However, existing hedge commitments reduce over time (in accordance with Council's Liability Management Policy) so that in the later years of the LTP the impact of changing interest rates would be greater. Council manages interest rate exposure in accordance with its Liability Management Policy, and in line with advice from an independent external advisor.							
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	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Total rate	1.2%	1.3%	1.5%	1.7%	1.8%	2.0%	2.1%	2.2%	2.2%	2.2%

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
<b>4.3 Securing External Funding.</b> New, or renewal of existing borrowings on acceptable terms can be achieved.	That new borrowings cannot be accessed to refinance existing debt or fund future capital requirements.	Low	The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Liability Management Policy.
<b>4.4 LGFA Guarantee.</b> Each of the shareholders of the LGFA is a party to a deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and they guarantee obligations of other participating local authorities to the LGFA, in the event of default.	In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective 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 of the borrowings by a local authority from the LGFA are secured by a rates charge.
<b>4.5 Opening Debt:</b> The opening debt of \$2,108 million is made up of:  \$222 million of equity investments, mainly in CCTOs (Vbase \$185 million),  \$637 million of money borrowed for on-lending, (in accordance with the Council's Liability Management Policy),  \$1,158 million of capital works and earthquake related borrowing. There is an additional \$79 million borrowed internally from the Capital Endowment Fund.  \$91 million finance lease (Civic Building).	Actual opening debt differs from forecast.	Low	Council's debt requirements are well understood and closely managed. It is unlikely that opening debt will be significantly different to forecast.
<b>5. Investment related</b>			
<b>5.1 Return on investments.</b> Interest received on cash and general funds invested is projected to be 0.7% for 2021/22 increasing to 1.9% by 2030/31.  The return on the Capital Endowment Fund (most of which is currently invested internally) is forecast to be 3.1% for 2021/22, falling to	Interest rates will vary from those projected.	Low	Financial impact is unlikely to be significant.

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
2.4% by 2025/26, then rising to 2.5% by 2030/31.			
<b>5.2 Value of Investment in Subsidiaries</b> The opening statement of financial position reflects the correct investment values.  The carrying value of CCO investments are revalued on a regular basis	CCO revaluations will differ to that planned and change projected carrying values of the investments.	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.
<b>5.3 CCTO income.</b> CCHL will deliver dividend income at the levels forecast in this Plan, which include reduced dividends in the first two years due to the impact of COVID-19.	CCHL will deliver a lower than projected dividend and Council will need to source alternate funding.	Moderate	CCTOs are monitored by their Statements of Intent and a quarterly reporting process. Returns are expected to continue as forecast in this Plan.  Should additional dividend income be received the level of borrowing forecast in this plan will be reduced.
<b>5.4 Tax planning.</b> The Council (parent) will be operating at 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. Due to the ongoing effects of COVID-19 it has been assumed that for at least the first two years insufficient profits will be made within the wider group to enable any subvention receipts to be available.	Subvention payments will be lower than planned.	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.
<b>6. Services and Operations</b>			
<b>6.1 Community housing.</b> Community housing assets are leased to Otautahi Community Trust	Community housing remains ring-fenced from rates, through a	Low	Council is committed to upgrading units to improve the warmth, dryness and quality of units within the portfolio



Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
while asset ownership, including long term maintenance, is the responsibility of Council. Community housing asset long term maintenance is funded through the lease payments.	<p>separate Housing Fund. The ongoing revenue source for this fund is the lease payments from the Ōtautahi Community Housing Trust.</p> <p>Modelling for the Housing Fund indicates that its sustainability is sensitive to small changes and there is a risk that:</p> <ul style="list-style-type: none"> <li>• The lease payments are not sufficient to enable the social housing portfolio to be financially viable in the long term.</li> <li>• Higher than expected expenditure (e.g. due to asset failure or external events) reduces the financial sustainability in the short term (2 years).</li> </ul>		and if necessary will reprioritise other community housing expenditure.
<b>6.2 Contract Rates.</b> Re-tendering of major contracts will not result in cost increases other than those comparable with the rate of inflation.	There is a significant variation in price from re-tendering contracts.	Moderate	Where possible Council would review the appropriate scope of work, or alternatively adjust the budget between services to free up additional funding.
<b>7. Insurance cover and natural disaster financing</b>			
<b>7.1 Insurance cover.</b> The Council has adequate Material Damage cover for all major 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 carried out during the 2019/20 year suggests that the cover taken is sufficient to meet two times the maximum loss. Any financial impact is not expected to be significant.
<b>7.2 Natural disaster financial implications.</b> The Christchurch region is susceptible to further damage from earthquake, flooding and tsunamis.	Council has limited insurance cover in place for damage to infrastructure networks from flooding, tsunami and earthquake events and relies on the	Moderate	Financial implications of another significant event are large, particularly when our ability to borrow may be limited due to the high debt to revenue ratios forecast.

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
	strength of its statement of financial position plus access to central government emergency funding in the event of another major event.		This risk is considered in preparing the LTP 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.

# Reserves and Trust Funds

The background is a solid teal color. A thick, white, curved line starts from the left edge, dips slightly, and then rises steadily towards the right edge, creating a sense of upward movement or growth.

## RESERVES and TRUST FUNDS

			\$000	FORECAST BALANCE 1 July 2021	DEPOSITS	WITHDRAWALS	FORECAST BALANCE 30 June 2031
<u>Special Funds &amp; Reserves</u>	Principal Activity	Purpose					
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		104,050	-	-	104,050
Capital Endowment Fund - Allocatable Capital Endowment Fund 2	as above as above	Funds available for allocation after inflation protection of the Fund's principal Invested in the Endeavour I-Cap Fund to fulfil the requirements of the main Capital Endowment fund that a proportion of that fund be invested locally		-	27,001	(27,001)	-
Housing Development Fund	Community Housing	Separately funded Council activity (Housing)		(3,086)	189,665	(171,707)	14,872
Burwood Landfill Capping Fund	Solid Waste & Resource Recovery	Contributions set aside to fund the future capping of Cell A at Burwood Landfill		556	70	-	626
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		1,266	107	-	1,373
Community Loans Fund	Community Development and Facilities	To lend funds to community organisations to carry out capital projects		3,200	-	-	3,200
Dog Control Account	Regulatory Compliance & Licencing	Statutory requirement to set aside the surplus from all Dog Control accounts		2,287	29,954	(29,624)	2,617
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		1,815	227	-	2,042
Flood Defence Fund	Flood Protection and Control Works	To fund flood defence works		798	100	-	898
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		650	81	-	731
Loan Repayment Reserve	Corporate	To facilitate repayment of rate funded loans		-	923,850	(923,850)	-
Debt Repayment Reserve	Corporate	To hold abnormal capital receipts unused at year end for use in funding future capital expenditure in lieu of borrowing, or reducing debt		-	-	-	-
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 by 2020		68	-	-	68
Misc Reserves	Various	Minor reserves		44	2	-	46
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).		23	3	-	26
Wairewa Reserve 3185	Flood Protection and Control Works	To enable drainage works relative to Lake Forsyth		127	16	-	143
Wairewa Reserve 3586	Flood Protection and Control Works	To enable letting out Lake Forsyth into the sea in times of flood		65	8	-	73
QEII Sale Proceeds	Recreation, Sports, Comm Arts & Events	For investment in initiatives that promote the most appropriate and productive use of remaining Council land on QEII site		2,445	-	(2,445)	-
Reserve Management Committee Funds	Community Development and Facilities	To enable maintenance and improvements at public reserves in Duvauchelle and Okains Bay		598	6,285	(5,946)	937

			FORECAST BALANCE 1 July 2021	DEPOSITS	WITHDRAWALS	FORECAST BALANCE 30 June 2031
		\$000				
Cathedral Restoration Grant	Principal Activity Corporate	Purpose 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.	3,087	7,036	(10,000)	123
Akaroa Community Health Trust	Community Development and Facilities	A grant to assist the Akaroa Community Health Trust in meeting a funding commitment to the Canterbury District Health Board for the new Akaroa Community Health Centre.	604	557	(1,161)	-
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	95	-	-	95
- Reserves	Parks and Foreshore	Development and financial contributions held for growth related capital expenditure	34,621	9,600	(9,600)	34,621
- Transport	Transport Access	Development and financial contributions held for growth related capital expenditure	2,623	38,271	(38,271)	2,623
- Stormwater & Flood Protection	Stormwater drainage; Flood protection and control works	Development and financial contributions held for growth related capital expenditure	4,893	52,345	(52,345)	4,893
- Water Supply	Water Supply	Development and financial contributions held for growth related capital expenditure	352	28,646	(28,646)	352
- Wastewater Collection	WW Collection, Treatment & Disposal	Development and financial contributions held for growth related capital expenditure	933	84,319	(84,319)	933
- Wastewater Treatment	WW Collection, Treatment & Disposal	Development and financial contributions held for growth related capital expenditure	413	32,021	(32,021)	413
			163,311	1,430,164	(1,416,936)	176,539
<b>Trusts &amp; Bequests</b>						
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	1,085	-	-	1,085
Housing Trusts & Bequests	Community Housing	Various bequests made for the provision of Housing	96	12	-	108
Cemetery Bequests	Parks and Foreshore	Various bequests made for the maintenance of cemeteries	72	9	-	81
CS Thomas Trust - Mona Vale	Parks and Foreshore	Funds set aside for restoration work at Mona Vale	40	5	-	45
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	12	2	-	14
Parklands Tennis Club	Recreation, Sports, Comm Arts & Events	Residual funds passed to the Council from the windup of the Parklands Tennis Club	20	2	-	22
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	18	2	-	20
Yaldhurst Hall Crawford Memorial	Community Development and Facilities	Funds left by Mr Crawford for capital improvements to the Hall	11	1	-	12
Sign of Kiwi Restoration Fund	Heritage Management	Funds set aside for restoration work at the Sign of the Kiwi	5	1	-	6
Fendalton Library Equipment Bequest	Libraries	Bequest made to fund equipment at the Fendalton Library	3	-	-	3
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
			1,363	34	-	1,397
<b>TOTAL RESERVE FUNDS</b>			164,674	1,430,198	(1,416,936)	177,936

# 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 2020/21	Long Term Plan 2021 - 2031									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$000										
Capital of the Fund										
103,923	104,050	104,050	104,050	104,050	104,050	104,050	104,050	104,050	104,050	104,050
-	-	-	-	-	-	-	-	-	-	-
<u>103,923</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>	<u>104,050</u>
Income allocation										
3,357	3,184	3,049	2,893	2,716	2,497	2,528	2,487	2,497	2,570	2,580
<u>3,357</u>	<u>3,184</u>	<u>3,049</u>	<u>2,893</u>	<u>2,716</u>	<u>2,497</u>	<u>2,528</u>	<u>2,487</u>	<u>2,497</u>	<u>2,570</u>	<u>2,580</u>
<i>Allocations</i>										
939	939	939	939	939	939	939	939	939	939	939
900	600	600	600	600	600	600	600	600	600	600
400	-	-	-	-	-	-	-	-	-	-
85	-	-	-	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-	-	-	-
500	-	-	-	-	-	-	-	-	-	-
180	-	-	-	-	-	-	-	-	-	-
<u>3,054</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>	<u>1,539</u>
<u>303</u>	<u>1,645</u>	<u>1,510</u>	<u>1,354</u>	<u>1,177</u>	<u>958</u>	<u>989</u>	<u>948</u>	<u>958</u>	<u>1,031</u>	<u>1,041</u>

Note the balance shown is not cumulative as it is assumed it will be allocated and spent during the year it is available.

# Significant and Engagement Policy



## Significance and Engagement Policy

November 2019

Policy Statement

The Council seeks meaningful exchange with the community through engagement 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 form of 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 through an 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 assets in this policy will be updated as required following any changes to the Annual Plan or LTP.

Approval Date: 23 July 2015

Approval Date: 27 November 2014

Approval Date: 20 June 2017

Approval Date: 14 November 2019

## 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 inform and 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 the matter; the capacity of the local authority to perform its 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 consultation process 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.

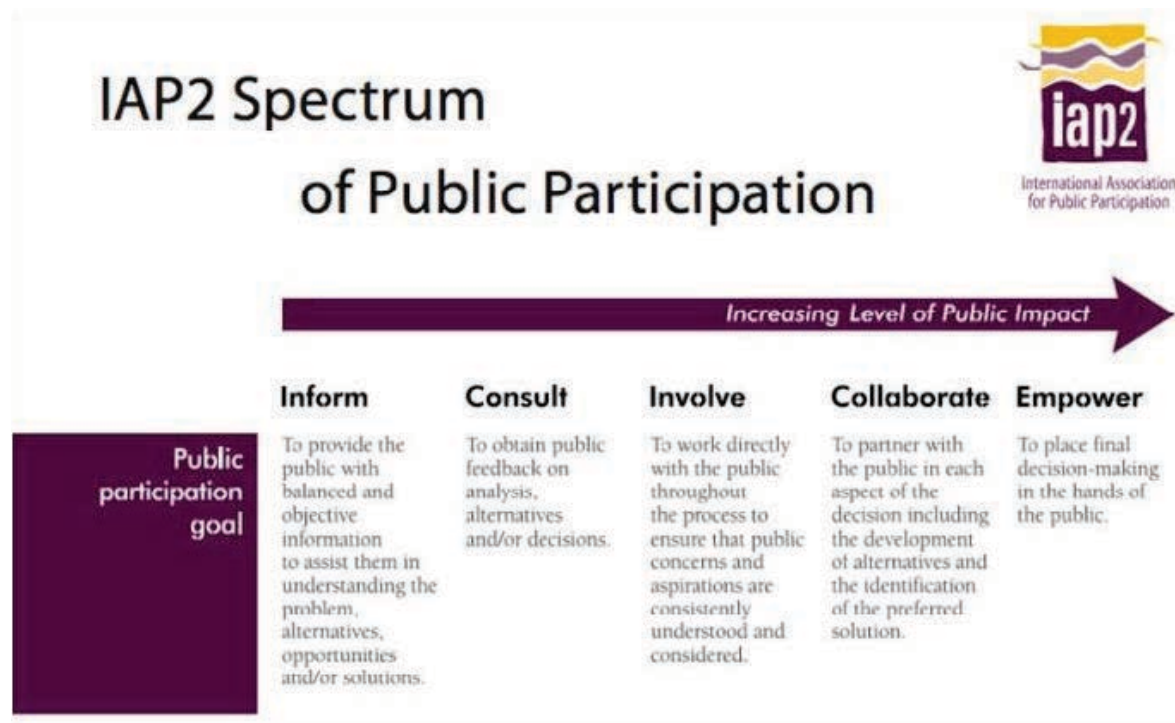
### **Engaging with Māori**

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 take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other 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
<b>What does it involve?</b>	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 in the hands of the public.
<b>Examples of the tools Council might use</b> (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
<b>When the community is likely to be involved</b>	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.



## **Schedule One: CCC Strategic Assets**

The Council-owned assets listed as strategic are set out below, grouped according to their nature of activity:

### Infrastructure

- a) its stormwater collection and disposal system;
- b) its wastewater collection, treatment and disposal system;
- c) its water collection, storage, treatment and distribution system.
- d) its waste management system;
- e) its roading network;
- f) all public transport infrastructure owned or operated by the Council.

### Shareholdings

- g) its shareholding in Christchurch City Holdings Ltd, Civic Building Ltd and Transwaste Canterbury Ltd, and VBase Ltd;
- h) the shares Christchurch City Holdings Ltd holds in Lyttelton Port Company Ltd, Christchurch International Airport Ltd, Orion New Zealand Ltd, Enable Services Ltd, Eco Central Ltd, City Care Ltd.

### Community Facilities

- i) Christchurch Town Hall;
- j) Christchurch Art Gallery and its permanent collection;
- k) all land and buildings comprising the Council's social housing portfolio;
- l) all public library facilities;
- m) all parks and reserves owned by or administered by the Council;
- n) all public swimming pools;
- o) all waterfront land and facilities owned or operated by the Council, including wharves, jetties, slipways, breakwaters and seawalls;
- p) cemeteries and listed heritage buildings and structures.

“All” or “its” means the asset as a whole.

Where a strategic asset is a network or has many components, decisions may be made in respect of individual components within the network without those components being regarded as strategic, unless such decisions are considered to significantly alter the level of service provided by the Council.

# 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
  - o funding of operating costs (i.e. the funding mix we have chosen for each activity’s operating costs), and
  - o 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.

## 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, 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). We have therefore determined to apply differentials to the value-based general rate, based on the use to which the land is put:

- All properties are charged at a standard rate, except those that meet the criteria for business 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, 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 which are identified as potential high consumers will be charged a volumetric Excess Water Supply Commercial Targeted Rate or Excess Water Supply Residential

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) Wastewater**

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) Stormwater Drainage and Flood Protection & Control Works**

We consider stormwater drainage and flood protection and control works benefit all properties in the district, by maintaining mobility and amenity. 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).

A differential lower than 1 applies in 2021/22 and 2022/23 to properties outside the historic rated area (the area rated for land drainage prior to 1 July 2021) so that those properties transition to paying the full Land Drainage Targeted Rate over a period of three years.

#### **(d) Active Travel**

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 currently 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) Recycling and Composting**

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) Business Improvement District (BID) Activities Our Business Improvement District (BID)**

Policy provides for us to collect a targeted rate from business rating units located within a BID boundary where a poll of business and property owners has provided sufficient agreement for this to happen. Such a targeted rate may be a fixed charge or a variable charge based on capital value, or a combination of both, as decided on a case-by-case basis.

#### **(g) Heritage costs**

We intend to set a targeted rate to fund certain heritage costs for transparency so that ratepayers can see how much they contribute to those costs. The costs intended to be recovered by this targeted rate include providing capital grant funding for the Canterbury Museum redevelopment, and funding restoration costs relating to the Provincial Chambers, Old Municipal Chambers and Robert

McDougall strengthening. The benefit of this is considered to be distributed evenly across all ratepayers.

Capital value is considered to be the most equitable basis for the Heritage Targeted Rate (consistent with the approach taken for general rates). This targeted rate is to fund the capital cost of these projects over a 30 year period and will apply until 30 June 2051.

#### **(h) Council Grants**

We provide several grants schemes (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 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.
- **Akaroa Health Centre Targeted Rate:**  
This rate relates to a Council grant of up to \$1.3 million (plus GST if any) supporting the development of the Akaroa Community Health Centre, the benefit of which is considered to be distributed evenly to all ratepayers in the eastern half of Banks Peninsula (rating units in valuation rolls 23890, 23900, 23910, 23920, 23930, 23940 or 23961). The rate will be set as a fixed dollar charge per SUIP, applied to all properties in the specified area until 30 June 2023.

**Central City Business Association Targeted Rate:** We intend to set a targeted rate to fund a grant 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 \$50,000, 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.

### **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 (COVID-19 related borrowing is repayable over five 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
- 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:
  - o 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);
  - o 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);
  - o Inter-generational equity – the degree to which benefits can be attributed to future periods; – refer to section 101(3)(a)(iii) and
  - o 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:

- o Low = this source provides 0%-25% of the funding for this activity;
- o Medium = this source provides 25%-75% of the funding for this activity; and
- o 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 Health Act 1956 (including Part 2A regarding Drinking Water), 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.

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	<ul style="list-style-type: none"> <li>• Targeted Rate (High)</li> <li>• Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>• Grants and Other (Low)</li> </ul>

## 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 business 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	<ul style="list-style-type: none"> <li>• Targeted Rate (High)</li> <li>• Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>• Grants &amp; Other (Low)</li> </ul>

## 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 to all ratepayers regardless of location, because it improves the accessibility and amenity of community facilities. It is considered appropriate to fund this Activity and the Flood Protections & Control Works Activity together using a targeted rate to enhance the transparency of our spending on these activities.

Table 1: Community Outcomes

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

Table 2: Funding Principles (operating costs only)

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

Table 3: Funding Decision (operating costs only)

Funding Target		Funding mechanism	
Individual / Group	Community	Individual / Group	Community
Low	High	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>• Targeted Rate on whole District (High)</li> </ul>

## 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 all ratepayers regardless of location, because it improves the accessibility and amenity of community facilities. It is considered appropriate to fund this Activity and the Stormwater Drainage Activity together using a targeted rate to enhance the transparency of our spending on these activities.

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?
Low	Low	Low	High

Table 3: Funding Decision (operating costs only)

Funding Target		Funding mechanism	
Individual / Group	Community	Individual / Group	Community
Low	High	• Fees & Charges (Low)	• Targeted Rate on whole District (High)

## 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 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 the GOA 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. NZTA 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	<p>A well-connected and accessible City promoting active and public transport</p> <p>Modern and robust city infrastructure and facilities network</p> <p>Safe and healthy communities</p>

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	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (Medium / High)</li> <li>Grants &amp; Other (Low)</li> </ul>
Transport Environment	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (Medium)</li> <li>Targeted Rate on whole District (Medium)</li> <li>Grants &amp; Other (Low)</li> </ul>
Transport Safety	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Medium)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (Medium)</li> </ul>

## 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 Nga 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	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>• General Rates (High)</li> </ul>
Parks and Foreshore	Low	High	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>• General Rates (High)</li> <li>• Grants &amp; Other (Low)</li> </ul>



## 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	<ul style="list-style-type: none"> <li>• Targeted Rates (Medium)</li> <li>• Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>• General Rates (Medium)</li> <li>• Grants &amp; Other (Low)</li> </ul>

## 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.

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

Activity	Primary Outcome(s)
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, Comm 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

Activity	User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
Community Development and Facilities	Low	Low	Low	Low
Libraries	Low	Low	Low	Low
Recreation, Sports, Comm 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	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> <li>Grants &amp; Other (Low)</li> </ul>
Christchurch Art Gallery	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> <li>Grants &amp; Other (Low)</li> </ul>
Citizen and Customer Services	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> </ul>
Civil Defence Emergency Management	Low	High	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> </ul>

Activity	Funding Target		Funding mechanism	
	Individual / Group	Community	Individual / Group	Community
Community Development and Facilities	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> <li>Targeted Rates (Low)*</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> <li>Grants &amp; Other (Low)</li> </ul>
Libraries	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> <li>Grants &amp; Other (Low)</li> </ul>
Recreation, Sports, Comm Arts & Events	Medium	Medium	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Medium)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (Medium)</li> <li>Grants &amp; Other (Low)</li> </ul>

\* The Akaroa Community Health Trust 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 Otautahi 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)	• Grants & Other (Low)

## 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	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (High)</li> </ul>	<ul style="list-style-type: none"> <li>• General Rates (Low)</li> </ul>
Land & Property Information Services	High	n/a	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (High)</li> </ul>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>
Regulatory Compliance & Licencing	Medium	Medium	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (Medium)</li> </ul>	<ul style="list-style-type: none"> <li>• General Rates (Medium)</li> <li>• Grants &amp; Other (Low)</li> </ul>
Resource Consenting	High	Low	<ul style="list-style-type: none"> <li>• Fees &amp; Charges (Medium / High)</li> </ul>	<ul style="list-style-type: none"> <li>• General Rates (Low / Medium)</li> </ul>

## Strategic Planning & Policy

Strategic planning and policy is fundamental to the workings of local government – in particular, meeting community needs for good quality local infrastructure, local services, and performance of regulatory functions.

This Activity provides strategic policy, city planning and urban regeneration services for us and our communities. We support the recovery and ongoing evolution of a resilient city that is better able to adapt to future challenges and take advantage of new opportunities.

Key areas include to:

- Provide specialised policy and strategy advice to enable 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.
- 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.
- Work collaboratively with strategic partners at a Greater Christchurch, regional and national level.

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
Economic Development	Great place for people, business and investment A productive, adaptive and resilient economic base
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 Dev & Regen	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?
Civic & International Relations	-	-	High	Low
Economic Development	Low	Low	High	Low
Public Information & Participation	-	Low	Low	-
Strategic Planning, Future Dev & Regen	Low	Low	Medium	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	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> <li>Grants &amp; Other (Low)</li> </ul>
Economic Development	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> </ul>
Public Information & Participation	n/a	High	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> </ul>
Strategic Planning, Future Dev & Regen	Low	High	<ul style="list-style-type: none"> <li>Fees &amp; Charges (Low)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates (High)</li> <li>Targeted Rates (Low)*</li> <li>Grants &amp; Other (Low)</li> </ul>

\* 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, 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	<ul style="list-style-type: none"> <li>• Debt (interest only)</li> </ul>	<ul style="list-style-type: none"> <li>• Dividends and Rates</li> </ul>
Network & Community assets: <ul style="list-style-type: none"> <li>• Renewal / replacement</li> <li>• Service Improvement</li> <li>• Growth</li> </ul>	<ul style="list-style-type: none"> <li>• Rates and debt</li> <li>• Debt</li> <li>• Debt and Development Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Rates</li> <li>• Rates</li> <li>• Future Development Contributions</li> </ul>
<ul style="list-style-type: none"> <li>• Community Housing</li> </ul>	<ul style="list-style-type: none"> <li>• Debt</li> </ul>	<ul style="list-style-type: none"> <li>• Rent</li> </ul>
Other assets	<ul style="list-style-type: none"> <li>• Debt</li> </ul>	<ul style="list-style-type: none"> <li>• Rates</li> </ul>

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	Grants & Other
Water Supply	Medium	Medium	Low	Low
Wastewater	High	Low	Low	Low

Activity	Rates	Borrowing	DCs	Grants & Other
Stormwater Drainage	Medium	Medium	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				

Activity	Rates	Borrowing	DCs	Grants & Other
Strategic Planning & Policy				
Civic & International Relations	-	-	-	-
Economic Development	-	-	-	-
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 be classified as non-rateable under section 8), to support the benefit they provide to the wellbeing of the Christchurch district.

### Conditions and criteria

For not-for-profit community-based organisations which the Council considers deliver a predominant community benefit:

- Where the organisation occupies Council land under lease, up to 100% remission of all rates (except targeted rates for excess water and waste minimisation).
- Where the organisation occupies other land:
  - Up to 100% remission on general rates (including the uniform annual general charge),

- Up to 50% remission (of the rates that would be payable if they were fully rateable) on targeted rates for standard water supply, sewerage, and land drainage,

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. Any residual rates payable must be paid in full for the remission to continue.

### 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.

To be eligible for this remission, organisations must have a closing balance of cash and investments in their latest financial accounts of less than 50 times the GST exclusive Council rates for properties in relation to which the remission is sought. Cash and investments include term deposits of all durations, and shares in listed companies, but do not include investment properties.

For example if GST exclusive Council rates are \$5,000, the organisation cannot have more than \$250,000 of cash and investments.

Funds that have been received from grants, fundraising or insurance proceeds that are committed to a specific capital project may be excluded from the cash balance for this calculation. Applicants must provide evidence showing the purpose for which that cash is held.

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), dog or horse racing clubs, or any other entity where the benefits are restricted to a class or group of persons and not to the public generally.

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 all rates (other than targeted rates for excess water supply and water supply fire connection) 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.

A further objective of this remission is to allow the Council to provide rates payment extensions for ratepayers experiencing financial hardship arising from the COVID-19 pandemic so that ratepayers have sufficient time to rearrange their financial affairs.

### 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.
- *Financial hardship arising from COVID-19 pandemic*:
  - Late payment penalties and arrears penalties may be remitted from 1 July 2020 to 30 June 2022, in full or in part, to provide rates payment extensions for instalments of 2020/21 rates where the ratepayer is experiencing financial hardship due to the COVID-19 pandemic.
  - Applications for 2020/21 COVID-19 rates payment extensions must be made using the Council's on-line form. Applications will be open to residents, businesses, farms and not-for-profits.
  - Payment extensions may be applied to up to \$20,000 of rates, including GST and Ecan rates.
- Financial hardship will be assessed as a 30 per cent fall in income measured over a period of at least three months, compared with a similar period prior to the impact of the pandemic.
- Payment extensions will be granted only after the ratepayer has applied for other available sources of assistance, including from central government and banks.
- The remission is available only where the applying ratepayer owned the property prior to 26 March 2020.
- For residential properties, the remission is available only where at least one ratepayer is a NZ citizen, permanent resident, or lives in Christchurch.
- For businesses and not-for-profits, the remission is available only where employees (if any) were working in New Zealand prior to 26 March 2020.
- The Council will agree on a payment plan for each successful applicant specifying the new payment dates for 2020/21 rates for that ratepayer. The payment plan will ensure that the 2020/21 rates are paid in full by 30 June 2022.
- If the ratepayer fails to comply with the payment plan, then there will be no further remission of late payment penalties and arrears penalties.
- *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 2021/22, the remission is set at \$26.00 + GST per annum.

### 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: 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 ratepayers aged 65 years and over, 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 aged 65 years and over qualify automatically. Younger ratepayers 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) (for younger ratepayers qualifying due to financial hardship) 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 land 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 (effectively interest) 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 compound interest, for example through evidence of adequate financial or legal advice. The Council may require this understanding to be re-confirmed each financial year.

## Remission and Postponement Policy of Rates on Maori Freehold Land

The City contains a number of Maori Land properties which are either unoccupied and unimproved or partially occupied. In some cases these are creating a significant rating burden on the Maori owners who often do not have the means nor, in some cases, the desire to make economic use of the land. Often this is because of the nature of the ownership, because the land has some special significance which would make it undesirable to develop or reside on, or is isolated and marginal in quality.

The Council has recognised that the nature of Maori Land is different to General Land and has formulated this policy to deal with those differences.

### Objective

The Council has recognized that certain Maori Owned Lands have particular conditions, ownership structures or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

The Council and the community benefit through more efficient use of staff time and the removal of that rates debt which is considered non-collectable.

The Council is required to consider every application for remission and/or postponement of rates on Maori Owned Land

pursuant to Section 108(4) of the Local Government Act 2002 and will then consider the most appropriate tool, if any, including either remission or postponement to assist in making ownership and occupancy of the land feasible.

### Conditions and criteria for postponement or remission

#### General:

- The rating units must be either Maori Customary Land or Maori Freehold Land as defined by s.129 of the Te Ture Whenua Act 1993.
- Council will have the sole discretion on whether or not to grant the remission or postponement and may seek such additional information as may be required before making its final decision.
- The policy does not provide for the permanent remission or postponement of rates on the property concerned.
- If the status of the land changes so that it no longer complies with the criteria the remission or postponement ceases unless further relief is granted in accordance with the policies below.

- Council expects that any rating relief will be temporary and each application will be limited to a term of three years. However the Council may consider renewing the rate relief upon the receipt of further applications from the owners. Council may also, at its sole discretion, renew the rating relief without application from the owners.
- In the event that subsequent applications for rating relief are made by only one or a minority of owners, Council may require that these are signed or supported by such greater proportion of owners as may be required from time to time.
- The land must have, in the opinion of the Council, historical, ancestral or cultural significance.

#### Policy application where the rating unit is not in use

In general, the criteria for granting rates relief would include some or all of the following:

1. the land is not in use (as defined below);
2. the land is unimproved:  
the land has no or minimal improvements;
3. the land is land locked:  
the land does not have legal access to the Council or national roading network;

4. multiple ownership or fragmented ownership:  
the land has multiple owners and ownership rights, and individual share proportions vary. Owners are scattered throughout the country and even worldwide. Attempts to contact a majority representation are often painstaking and difficult;
5. the land has particular value as ancestral land in relation to its owners' culture and traditions;
6. the presence of waahi tapu that may affect the use of the land for other purposes;
7. government and Council's desire to avoid further alienation of Maori freehold land;
8. the land has particular conservation value:  
because of its remoteness and inaccessibility the land has a high conservation value which Council or the community wish to preserve;
9. unsecured legal title:  
land titles have not been surveyed, therefore they cannot be registered with the District Land Registrar. Owners seeking finance for development of their land are restricted as mortgages cannot be registered against the title;

10. isolation and marginal in quality:  
the land is geographically isolated and of marginal quality;
11. no management structures:  
owners of the land have no management or operating structures in place to administer matters;
12. rating problems:  
because of the above factors there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates.

In accordance with Part 2 section 96 of the Local Government (Rating) Act 2002 Maori Land is defined as in use when person/persons do one or more of the following for his or her profit or benefit:

- resides upon the land
- depastures or maintains livestock on the land
- stores anything on the land
- uses the land in any other way.

Policy application where the rating unit is in use

Where an insignificant or inconsequential portion of the land is in use Council may, at its sole discretion, provide rating relief on that portion of land not in use. For example, the depasturing of a pony on the rating unit is likely to be considered inconsequential.

Any such relief shall be determined following consideration of the criteria for granting rates relief on land not in use (as detailed above). In addition, Council is more likely to grant rates relief when one or both of the criteria below are met:

1. where the land is used by its owners for traditional purposes; and
2. where the land is used in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere).

Policy application where there is a change in status, ownership, or use

In some circumstances Maori Land may change status (for example from Maori Freehold Land to General Land Owned by Maori), ownership, or use (for example persons may choose to reside upon land previously unoccupied). Where Council deems it to be in the interests of the community it may, at its sole discretion, choose to remit or postpone any postponed rates or rates arrears and penalty arrears on that land.

For example, should the land be developed in order to establish a conservation estate Council may grant rates relief. Similarly, should the land be developed in such a manner as to change it from unproductive to productive land, and therefore eligible for rates in the future, Council may grant rates relief.

The amount and timing of any rates relief provided under this policy is entirely at the

discretion of Council. However, in general such relief will not exceed the following:

- 100% remission of historic unpaid rates and penalties;
- 100% remission of general rates in the year of change in use;
- 50% remission of general rates in the year following change in use.

### Remission applies to:

Owners, or authorised agents of the owners, of Maori Land, with different conditions applying to occupied, unoccupied or partially occupied land.

# 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 the long-term financial position of the Council 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

The Council delegates authority to the CEO as stated in the Council's published Delegations Register.

In addition to the specifically delegated authorities, the 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 the Council or 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 the Council's Debenture Trust Deed, as required.

The CEO delegates authority to staff as stated in the Council's published Delegations Register.

## Borrowing limits

Council have an obligation to report against the financial prudence benchmarks set out in the Local Government (Financial Reporting and Prudence) Regulations 2014. Council also have five additional debt benchmarks we apply as shown below. The first four 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 the Shareholders' Agreement. Tighter limits apply if our long-term credit rating falls below 'A'. As at 15 February 2021 our long-term credit rating is AA- (Standard & Poor's).

Measure	Limit
Net Debt / Total Revenue	<300%(FY 2022) <295% (2023) <290% (2024) <285% (2025) <280% (2026 on)
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 report annually to LGFA on compliance with their four covenants.

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 stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, borrowing from the Local Government Funding Agency, (LGFA), accessing the short- and long-term wholesale/retail debt capital markets directly or indirectly, 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, debt capital markets and loan stock issuance;
- Our overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time;
- Prevailing interest rates and margins relative to term for loan stock issuance, LGFA, debt, capital markets and bank borrowing;

- The market's outlook on future interest rate and credit margin movements as well as its own;
- Legal documentation and financial covenants together with security and credit rating considerations;
- Council can internally borrow from reserve funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt. One such reason is where external debt can be obtained on more favourable terms than the internal borrowing.
- 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 financial standing and manage relationships with our investors, LGFA, Standard and Poor's 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 floating 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 if appropriate.

## Debt managed on net portfolio basis

The 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, Council will borrow specifically for that particular project or spending.

Council rate to repay debt over a period of thirty years (COVID-19 related borrowing is repayable over five 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, the 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 the Council's 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 the 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 (where offered) from the LGFA Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) Loan stock /bond issuance (floating or fixed rate) Commercial paper (CP)/Promissory notes 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/collars (including forward-starting swaps/collars) Interest rate options on: <ul style="list-style-type: none"> <li>Bank bills (purchased caps and one for one collars)</li> <li>Interest rate swaptions (purchased swaptions and one for one collars only)</li> </ul>

## Interest rate risk

### Risk recognition

Interest rate risk is the risk that funding costs will materially exceed or fall short of

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/CCTOs, 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/CCTOs), including hedging instruments, with fixed movements in the

applicable reset rate. Floating Rate is defined as any interest rate obligation 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. Approval is required from the Council 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. If it is considered that interest rate options are an appropriate hedging instrument, prior approval must be obtained from the CFO.
- 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 with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2% above the appropriate swap 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, loans and bank 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 risks 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 risks is important to mitigate any adverse movement in borrowing margins, term availability and general flexibility.

Where possible, the Council seeks a diversified pool of borrowing and ensures that bank borrowings are 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.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and the desired maturity profile compromised due to market conditions.

## 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.
- The Council has the ability to 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 CFO has the discretionary authority to re-finance existing external debt on more acceptable terms. Such action is to be reported to the CEO and the Strategy & Finance Committee at the earliest opportunity.

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 approval by the Council.

## Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be 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-	\$100
NZ Registered Bank	AA band	\$200
	A band	\$150
	BBB+	\$50
NZD Registered Supranationals	AAA	\$50
Local Authority	BBB+	\$40m
	Un-rated	\$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 or CCTO can also be deducted but only where the CCO or CCTO 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.

- Liquidity: 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 CCO's / CCTO's (that is a going concern) that mature within 12 months. 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) the 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 hold 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 the 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

The Council delegates authority to the CEO as stated in the Council's published Delegations Register.

In addition to the specifically delegated authorities, the 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 the Council or 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 the 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

the Council following presentation of a business case or report containing advice and recommendations from Council officers.

Before approving any new investments Council gives 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 or Council Controlled Trading Organisations (CCTOs). These will typically be funded by specific borrowing which is then on-lent to the CCO/CCTO 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 or CCTO must be approved by the 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 or CCTO 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/CCTO 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 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 the LGFA and is a Guarantor.

### Property investments

Council own 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. Council 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, CCTOs, 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 the 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 excluded:

- 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 a CCTO and the wholly owned investment arm of Council. CCHL holds shares in various trading companies and monitors these companies and their subsidiaries on behalf of the Council.

### Subsidiary companies

- Orion New Zealand Ltd (89.3%)
- Lyttelton Port Company Ltd
- Christchurch International Airport Ltd (75%)
- City Care Ltd
- Enable Services Ltd
- EcoCentral Ltd
- RBL Property Ltd
- Development Christchurch Ltd

### Nature and scope of activities

CCHL's key purpose is to invest in and promote the establishment of key infrastructure, for the City. CCHL is working closely with the Council to implement its capital release programme as outlined in its Long Term Plan.

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.



CCHL's strategic approach is to identify those of Christchurch's infrastructural needs that are not filled by the private sector or existing Council operations, and take a role in helping to meet them through joint ventures, public-private partnerships, establishing new entities or acting as a catalyst for private sector providers.

CCHL also encourages and, if necessary facilitates, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets.

### Policies and objectives relating to ownership and control

This company was established to group the Council's interests in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its CCTOs.

### Key performance targets

CCHL annually agrees its key financial and non-financial performance indicators with its shareholder the Council. These indicators are recorded in CCHL's Statement of Intent, (SOI). CCHL monitors the performance of its subsidiaries throughout the year against the performance targets that have been agreed.

The SOI is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## Orion New Zealand Ltd

www.oriongroup.co.nz

Orion is a CCTO and an energy network management company in which Council has an 89.3 per cent shareholding through CCHL. The remaining 10.7 per cent is owned by Selwyn District Council.

### Subsidiary companies

Subsidiary companies

- Connetics Ltd – Orion owns 100 per cent of the electrical contracting business Connetics Ltd. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

### Nature and scope of activities

Orion owns and operates one of the largest electricity distribution networks in New Zealand. The network covers 8,000 square kilometres in central Canterbury between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.

Orion's network delivers electricity to around 207,500 homes and businesses, 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

Orion is considered a regional strategic asset, operating in a commercial manner and in a way that benefits the region as a whole. The company is regulated under the Electricity Act 1992.

Through the Statement of Intent, (SOI) the Council establishes broad parameters reflecting the public nature of Orion without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

### Key performance targets

Orion annually agrees its key financial and non-financial performance indicators with its shareholder CCHL. These indicators are recorded in Orion's SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## Lyttelton Port Company Ltd

www.lpc.co.nz

Lyttelton Port Company Ltd (LPC) is a CCTO operating the Port of Lyttelton. Council has a 100 per cent shareholding through CCHL.

LPC is the South Island's largest Port and Container Terminal, managing 80 per cent of the area's container trade imports and more than half its exports.

### 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. The company operates off-wharf container processing facilities in Woolston and Rolleston.

The company is regulated under the Port Companies Act 1988.



### Policies and objectives relating to ownership and control

LPC is considered a regional strategic asset and as such the Council's policy is for it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through the Statement of Intent, (SOI), the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management.

### Key performance targets

LPC annually agrees its key financial and non-financial performance indicators with its shareholder and these targets are reflected in its SOI. This is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## Christchurch International Airport Ltd

www.christchurch-airport.co.nz

Christchurch International Airport Ltd (CIAL) is a CCTO and is jointly owned by CCHL (75 per cent) and the Crown (25 per cent). The provision of airport facilities and services to airline and airport users is the predominate business of CIAL.

CIAL operates the Christchurch International airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

### Nature and scope of activities

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

CIAL has and continues to actively develop airport land for retail, commercial and freight logistics' businesses.



### Policies and objectives relating to ownership and control

CIAL is considered a regional strategic asset, and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Through the Statement of Intent, (SOI), the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management.

### Key performance targets

CIAL annually agrees its key financial and non-financial performance indicators with its shareholders CCHL and the Crown. These indicators are recorded in CIAL's SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## City Care Ltd

www.citycare.co.nz

City Care Ltd is a CCTO, 100 per cent owned by Council through CCHL.

### Subsidiary and associate entities

Apex Environmental Ltd – designing, building, installing and commissioning water and wastewater treatment plants for the food and beverage, dairy, textiles, winery and municipal sectors. City Care owns 57.16 per cent of Apex Environment Ltd.

### Nature and scope of activities

CityCare Group is in the business of constructing, maintaining and managing infrastructure and property assets.

CityCare Group has recently announced a new delivery model that re-defines the company's structure, providing a platform that positions it better for future growth in key market sectors:

- Citycare Water – construction and maintenance for water, wastewater and stormwater networks, with a focus on smarter management and optimisation of water sector infrastructure assets.
- Citycare Property – encompassing end-to-end construction and maintenance of public and private building and greenspace facilities.
- Citycare Civil – focusing on national construction and maintenance opportunities in roading, landscapes and subdivisions.



### Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company has an important role in the City as a contractor servicing assets of a public nature. Through the negotiation of an annual Statement of Intent, (SOI) the Council establishes broad parameters for City Care's scope and nature of operations without inhibiting its commercial management.

### Key performance targets

City Care annually agrees its key financial and non-financial performance indicators with its shareholder, CCHL. These indicators are recorded in City Care's SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.



## Enable Services Ltd

www.enable.net.nz

Enable Services Ltd (ESL) is a CCTO, 100 per cent owned by CCHL and trades as Enable Networks.

### Subsidiary companies and associates

Enable Networks Limited

### Nature and scope of activities

ESL and its subsidiary Enable Networks Ltd (Enable Group) are building and connecting local homes and businesses to a world-class fibre network as part of the Government ultra-fast broadband (UFB) initiative.

Enable owns the critical fibre infrastructure and provides wholesale fibre broadband services to 38 retail providers.

The ESL UFB network reaches over 200,000 homes, businesses and schools in Christchurch and towns in the Waimakariri and Selwyn districts.

### Policies and objectives relating to ownership and control

ESL is considered a regional asset and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through the Statement of Intent, (SOI), the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.



### Key performance targets

As a contractor in building and operating the UFB network in the greater Christchurch area and an investor in ENL (which owns that UFB network), Enable's objectives and achievement of performance outcomes cover a thirty year period and for which the following key strategies have been set:

- Build a world class ultra-fast broadband network at whole of life economic cost levels.
- Deliver operational excellence maximising the customer experience.
- Deliver appropriate investment returns by maximising uptake and achieving optimum operating efficiency levels.

ESL annually agrees its key financial and non-financial performance indicators with its shareholder, CCHL. These indicators are recorded in ESL's SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## EcoCentral Ltd

www.ecocentral.co.nz

EcoCentral is a CCTO, 100 per cent owned by CCHL.

EcoCentral oversees the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region.

The company is committed to reducing the amount of waste going to landfill and finding ways to ensure Christchurch is a leader in recycling.

### Nature and scope of Activities

EcoCentral manages:

- 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 as reclaimed material in New Zealand or overseas.
- EcoDrop, three transfer stations that manage 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.
- EcoShop, on Blenheim Road; the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.



### Policies and objectives relating to ownership and control

The company has an important role in the city as a quality handler and processor of recycled material. Through the negotiation of an annual Statement of Intent, (SOI) the Council, via its 100 per cent ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.

### Key performance targets

EcoCentral annually agrees its key financial and non-financial performance indicators with its shareholder, CCHL. These indicators are recorded in EcoCentral’s SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## **RBL Property Ltd (formerly Red Bus Limited)**

RBL Property Ltd is a CCTO, 100 per cent owned by the Council through CCHL.

In November 2020, Ritchies Transport Holdings Limited purchased the transport business of Red Bus Limited. Red Bus Ltd changed its name to RBL Property Ltd following the sale of the “Red Bus” brand to Ritchies.

### **Nature and scope of activities**

The company retains an investment in land and buildings in central Christchurch.

### **Policies and objectives relating to ownership and control**

The Council, through CCHL, is the sole shareholder of this company. Through the negotiation of an annual Statement of Intent, (SOI) the Council establishes broad parameters for this company without inhibiting proper commercial management.

### **Key performance targets**

RBL Property Ltd annually agrees its key financial and non-financial performance indicators with its shareholder, CCHL. These indicators are recorded in RBL Property Ltd’s SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## Development Christchurch Ltd

www.dcl.org.nz

Development Christchurch Ltd (DCL) is a CCTO, 100 per cent owned by the Council through CCHL.

### Subsidiary companies and associates

Leisure Investments NZ (Limited Partnership) / Port Hills Leisure Ltd (General Partner) trading as Christchurch Adventure Park (54.73 per cent).

### Nature and scope of activities

DCL was established at the request of Council in 2016 to help progress and contribute to the region through development, investment and regeneration activities, and to source overseas investment funding.

The logo for Development Christchurch Ltd (DCL) consists of the letters 'DCL' in a bold, black, sans-serif font.

### Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of DCL. Through the negotiation of an annual Statement of Intent, (SOI) the Council establishes broad parameters for the company's operations without inhibiting proper commercial management.

### Key performance targets

DCL annually agrees its key financial and non-financial performance indicators with the Council. These indicators are recorded in DCL's SOI which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## Vbase Ltd

www.vbase.co.nz

Vbase is a 100 per cent owned CCTO subsidiary of the Council operating under direct Council governance and management.

A review of Vbase's future ownership structure and operational requirements is being undertaken to enable it to return to being a viable and sustainable trading entity.

### Nature and scope of activities

Vbase has two areas of focus – attracting, hosting and managing events and ownership and management of facilities.

The current list of Vbase venues are:

- Christchurch Town Hall (owned and managed);
- Christchurch Arena (owned and managed);
- Orangetheory Stadium Addington (managed);
- Wigram Air Force Museum (managed); and
- Hagley Cricket Oval Pavilion (managed).



### Policies and objectives relating to ownership and control

Through the negotiation of an annual Statement of Intent, (SOI) the Council establishes broad parameters for the company's operations reflecting both the public benefits which the facilities provide without inhibiting proper commercial management.

### Key performance targets

Vbase annually agrees its key financial and non-financial performance indicators with the Council. These indicators are recorded in Vbase's SOI.

The Council is currently reviewing Vbase's Draft SOI in order to provide feedback. The final financial and non-financial key performance indicators for the years ending June 2022, 2023 and 2024 will be published in the final Long Term Plan.

## Civic Building Ltd

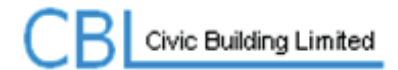
Civic Building Ltd (CBL) is a CCTO, 100 per cent owned by the Council.

### **Nature and scope of activities**

CBL owns a 50 per cent interest of 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**

Through a Statement of Intent, (SOI) the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.



### **Key performance targets**

CBL annually agrees its key financial and non-financial performance indicators with the Council. These indicators are reviewed in CBL's SOI.

The Council is currently reviewing CBL's Draft SOI in order to provide feedback. The final financial and non-financial key performance indicators for the years ending June 2022, 2023 and 2024 will be published in the final Long Term Plan.

## CMUA Project Delivery Ltd (formerly CCC Six Limited)

CMUA Project Delivery Ltd (CPDL) is a CCO 100 per cent owned by Council. It is the delivery company for the new Canterbury multi-use arena to be constructed over the next four years.

The funding partners in the development are the Council and Crown.

### **Nature and scope of activities**

CPDL mandate is to optimise the delivery of the new Canterbury multi-use arena on behalf of the Council and the Crown.

### **Policies and objectives relating to ownership and control**

Through the negotiation of an annual Statement of Intent, (SOI) the Council establishes broad parameters for CPDL without inhibiting proper commercial management.



### **Key Performance Targets**

CPDL annually agrees its key financial and non-financial performance indicators with the Council. These indicators are recorded in CPDL's SOI.

The Council is currently reviewing CPDL's Draft SOI in order to provide feedback. The final financial and non-financial KPIs for the years ending June 2022, 2023 and 2024 will be published in the final Long Term Plan.

## ChristchurchNZ Holdings Ltd

www.christchurchnz.com

ChristchurchNZ Holdings Ltd (CNZHL) is a CCO 100 per cent owned by Council. It is the holding company for the Council's investment in ChristchurchNZ Ltd (CNZL). CNZL was established on 1 July 2017 from the amalgamation of Canterbury Development Corporation, Christchurch & Canterbury Convention Bureau and Christchurch & Canterbury Marketing Ltd.

### Subsidiary and associate entities

CNZL operates to optimise the economic and social opportunities that tourism, major events, city promotion and economic development can bring to Christchurch and Canterbury.

CNZL is also a joint venture partner with the Canterbury Employers' Chamber of Commerce in Canterbury Regional Business Partner Limited, a regional vehicle funded by the MBIE to drive increased capability in small to medium entities.

### Nature and scope of activities

CNZHL is building a strong, combined approach to the delivery of the Christchurch Visitor Strategy, business growth and investment, talent attraction, international education and the city's range of high-profile events.

In June 2020, related entity CRIS Ltd was amalgamated into CNZL. CRIS Ltd held the assets and long term contractual arrangements for innovation assets in the region.



### Policies and objectives relating to ownership and control

Through the negotiation of an annual Statement of Intent, (SOI) the Council establishes broad parameters for CNZHL without inhibiting proper commercial management.

### Key Performance Targets

CNZHL annually agrees its key financial and non-financial performance indicators with the Council. These indicators are recorded in CNZL's SOI.

The Council is currently reviewing CNZHL's Draft SOI in order to provide feedback. The final financial and non-financial key performance indicators for the years ending June 2022, 2023 and 2024 will be published in the final Long Term Plan.





## The Riccarton Bush Trustees

[www.riccartonhouse.co.nz](http://www.riccartonhouse.co.nz)

The Riccarton Bush Trustees (RBT) is a CCO and charitable trust that 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.

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. These give the Riccarton Bush 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

RBT maintains and operates Riccarton Bush, Riccarton House and its grounds.

### Policies and objectives relating to ownership and control

Through a Statement of Intent, (SOI) the Council established broad parameters reflecting the public nature of the Trust's objectives. To continue to do this the Council maintains a controlling interest in this Trust.

### Key performance targets

RBT annually agrees its key financial and non-financial performance indicators with the Council. These indicators are recorded in RBT's SOI.

The Council is currently reviewing RBT's Draft SOI in order to provide feedback. The final financial and non-financial key performance indicators for the years ending June 2022, 2023 and 2024 will be published in the final Long Term Plan.

## Rod Donald Banks Peninsula Trust

www.roddonaldtrust.co.nz

The Rod Donald Banks Peninsula Trust (RDBPT) is a CCO and charitable trust created by the Council in July 2010. RDBPT was established to honour the memory of Rod Donald and his commitment to Banks Peninsula.

RDBPT exists for the benefit of the present and future inhabitants of the 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 natural environment of the Banks Peninsula.

### Nature and scope of activities

RDBPT recognises the community as being of critical importance to the achievement of its charitable objects and focuses its efforts on engaging with groups and projects which have similar aims.

RDBPT acts as a facilitator, conduit and connector to assist these groups and projects in the pursuit of their common goals. RDBPT's hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups and projects to achieve goals that they cannot otherwise achieve on their own.



### Policies and objectives relating to ownership and control

Through a Statement of Intent, (SOI) the Council established broad parameters reflecting the public nature of the RDBPT's objectives. To continue to do this the Council maintains a controlling interest in this Trust.

### Key performance targets

RDBPT agrees annually its key financial and non-financial performance indicators with the Council. These indicators are recorded in RDBPT's SOI.

The Council is currently reviewing RDBPT's Draft SOI in order to provide feedback. The final financial and non-financial key performance indicators for the years ending June 2022, 2023 and 2024 will be published in the final Long Term Plan.

## Transwaste Canterbury Ltd

www.transwastecanterbury.co.nz

Transwaste Canterbury Ltd (TCL) is a CCTO and is a joint venture between local authorities in the Canterbury region and Waste Management NZ Limited, with Council owning 38.9 per cent.

TCL was incorporated in March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury which was opened in June 2005.

### Nature and scope of activities

TCL is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

TCL 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.

TCL 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 Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

### Key performance targets

TCL agrees annually its key financial and non-financial performance indicators with the Council and other joint venture and investment partners.

These indicators are recorded in TCL's Statement of Intent, (SOI) which is due to be finalised by 30 June 2021, in accordance with the provisions of the Local Government Act 2002. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## Central Plains Water Trust

[www.cpw.org.nz](http://www.cpw.org.nz)

The Central Plains Water Trust (the Trust) is a CCO established by the Council and Selwyn District Council to facilitate sustainable development of central Canterbury's water resource.

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 (CPWL).

### Nature and scope of activities

The Trust holds the resource consents against which it issues water rights to CPWL for the use of water in its irrigation schemes and monitors compliance.

### Policies and objectives relating to ownership and control

The Trust was settled with the objective of promoting the development of agriculture in the Central Canterbury Plains area for the benefit of the inhabitants of the Canterbury region.



### Key performance targets

The Trust agrees annually its key financial and non-financial performance indicators with the Council and Selwyn District Council. These indicators are recorded in the Trust's Statement of Intent, (SOI).

The two Councils are currently reviewing the Trust's Draft SOI in order to provide feedback. The final key performance indicators for the years ending June 2022, 2023 and 2024 will be updated in the final Long Term Plan.

## 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:

- CCC One Limited
- CCC Five Limited
- CCC Seven Limited
- Ellerslie International Flower Show Limited
- Mayor's Welfare Fund Charitable Trust

