Kōrero mai
Mahere Rautaki ā tau

Have your say on Our Draft Annual Plan 2023/24

Consultation document

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Tell us what you think by Monday 10 April 2023

Christchurch City Council

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Mahere Rautaki ā tau
Our Draft Annual Plan 2023/24
Consultation document
Ōtautahi Christchurch

For the period 1 July 2023 to 30 June 2024
Adopted for consultation on 28 February 2023

Christchurch City Council
PO Box 73016, Christchurch, New Zealand
Tel: +64 3 941 8999 or 0800 800 169
Fax: +64 3 941 8984
ccc.govt.nz

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Cautionary note

The forecast financial statements in the Draft Annual Plan 2023/24 have been prepared on the basis of best estimates available at the time of preparing the accounts. Actual results are likely to vary from the information presented and the variations may be material.

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

A word from the Mayor

Welcome to Christchurch City Council's plan and budget for 2023/24

This year's Draft Annual Plan sets out how we propose to manage ratepayers' money and assets for the next 12 months. I think we can all see this is drafted against a tough backdrop.

Since we were sworn in, we've been briefed in detail on the choppy waters we are heading into. Inflation, insurance and interest rates have shot up, the labour market's tightened, supply chains have been a headache, and the Reserve Bank is forecasting a recession later in the year.

In times like this, we must do our bit to take the pressure off people's cost of living.

This draft plan takes an initial projected increase we received late last year of 14.6% and suggests changes to reduce the burden on households while still maintaining the services that our communities continue to want.

Since October's election, we have been working to get rates increases down as low as possible, going through the budget line by line. This has led to a Draft Annual Plan with a proposed increase of 5.68% for the 2023/2024 financial year.

I want to thank everyone for their hard work over the Christmas break to get us to this figure. In the middle of 2022 it looked like 3% to 4% would be possible, but we are now seeing inflation over 7%, with inflation in the construction sector sitting around 15%. This has put huge pressure on households, businesses and councils across the country.

I know we're all committed to doing what we can to keep rates increases as low as possible, for as long as possible. A big part of that is listening to what you have to say – this is your money and you are our customers, so we need you to give us a steer on how to go forward. This will help us refine and agree to the final Annual Plan for 2023/24 by the end of June this year.

I am looking forward to hearing from you.

Phil Mauger
Mayor of Christchurch

A word from the Chief Executive

What is this year's Draft Annual Plan all about?

You'll have a heard a lot of this before. Interest rates, inflation, supply issues, a tight labour market, geopolitical instability – global issues having a bigger-than-usual impact on our national and local economy, and putting Christchurch City Council under real financial pressure.

These are all reasons, but not excuses. Our Council is facing the same problems every other organisation in the world is facing to one degree or another, but over the last few months my staff, alongside our new elected Council, have pulled out all the stops to keep this year's proposed rates increase well below the general 7% inflation rate we're seeing across New Zealand.

Importantly, we've done it without compromising the services and facilities enjoyed by all our residents, investing in our city's future, and keeping our Council agile so we can respond quickly to external influences, whatever they may be.

Keeping the proposed overall rates increase to 5.68% will be achieved through a mix of approaches. Operationally, we're bringing in a range of one-off savings, including leaving some staff vacancies unfilled for 2023/24 and revisiting some of the cost-saving measures we first considered when developing our Long Term Plan 2021–31.

We're also keeping our programme of capital works focused on what's actually achievable right now – we owe it to ratepayers to keep our budgets no bigger than they need to be, and there's no need to charge rates just yet for projects that aren't realistically able to be delivered until future years.

It doesn't leave us as many rabbits to pull out of the hat in future years as we'd like, but our communities are feeling financial pressure right now, so we need to act right now. This is all happening alongside our regular rates revaluation, and we've seen quite the increase across residential property, which could be unsettling for homeowners. I want to take this opportunity to reiterate that the revaluation has no impact on overall rates revenue. It doesn't affect the total rates collected by the Council, but it does affect how this is shared out between property owners. The new values will apply to rates from 1 July 2023.

So, it's a trickier balancing act than usual. Because we can't be sure how long the global factors will continue on for, we need to keep a steady eye on the future. For example, we've seen a delay to the openings of Parakiore Recreation and Sport Centre and Matatiki: Hornby Centre, so we don't need to charge rates to cover those operating costs for now – but that will impact our priorities and our rating when we start into the Long Term Plan 2024–34 next year.

It's something to keep in mind as you give your feedback, because finding this balance is where you come in. We know it's a particularly challenging time for residents, and as ever, we'll need to make trade-offs and tough choices, but everyone has the chance to let us know what's important to them now that this Draft Annual Plan 2023/24 is out for consultation.

D.T. Baxendale

Dawn Baxendale
Chief Executive
Christchurch City Council

Our Treaty Relationships

The Council's engagement and relationships with Māori are founded on Te Tiriti o Waitangi as well as subsequent legislation such as the Local Government Act 2002, the Resource Management Act 1991 and Te Rūnanga o Ngāi Tahu Claims Settlement Act 1998.[1]

Combined, these legislative documents set the basis of partnership and consultation with the six of the Papatipu Rūnanga that fall within the Council catchment as mana whenua of respective rohe: Te Ngāi Tūāhuriri Rūnanga, Te Hapū o Ngāti Wheke, Wairewa Rūnanga, Te Rūnanga o Koukourārata, Ōnuku Rūnanga and Te Taumutu Rūnanga.

Land, water (all forms) and the natural environment are significant taonga for mana whenua – as they are for the wider Christchurch community, and are therefore mutual areas of interest. We will continue to work together to ensure natural resources are taken care of for future generations.

We seek to support mana whenua to promote opportunities that enhance the prosperity and wellbeing of Māori. We want to recognise and celebrate the special role that mana whenua contribute to our economy and the opportunity for sustainable and long-term Māori business that will support the economic and social wellbeing of Māori and the wider community.

Māori katoa

The Council is committed to engaging more effectively with Māori to ensure they have opportunities to contribute to decision-making processes. While the Council specifically recognises the special relationship with mana whenua, it also engages with wider Māori who are present in the city, including those whose tribal affiliations are external of Ngāi Tahu. Situated at Ngā Hau e Wha Marae, Te Rūnanga o Ngā Maata Waka is a valuable community stakeholder.

Greater Christchurch Partnership

Ngāi Tahu are represented on the Greater Christchurch Partnership (GCP) to collaborate on planning and managing the impacts of growth and development in the Greater Christchurch area. These opportunities provide mana whenua and papatipu rūnanga further opportunities to actively contribute to, and make decisions in areas of mutual interest, as a valued partner at the GCP decision table.

[1] The Te Rūnanga o Ngāi Tahu Act acknowledges the mana whenua status and Rangatiratanga of Ngāi Tahu across its takiwā

First major concrete pour at the Te Kaha site.

What is an Annual Plan?

Like all local councils, every three years we prepare a Long Term Plan (LTP), including a 30-year infrastructure plan, outlining what we plan to achieve over the next 10 years, and how we'll pay for it. Our last LTP covers 2021–2031.

In the years between Long Term Plans, we develop an Annual Plan that sets out what we want to achieve, and funding for the year ahead.

An Annual Plan has two main purposes:

1. It sets out our budget for the next financial year, providing information about how much our activities will cost and how we'll fund them, including the setting of rates.
2. It highlights any key changes from the Long Term Plan for that year.

This Draft Annual Plan covers financial year 3 of the Long Term Plan, from 1 July 2023 to 30 June 2024.

We want your feedback

You can make submissions from 10 March until 11.59pm on 10 April 2022. See our Have Your Say pages at the back of this document or visit

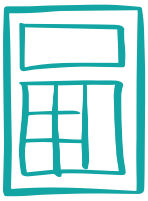
ccc.govt.nz/haveyoursay

The big numbers you need to know

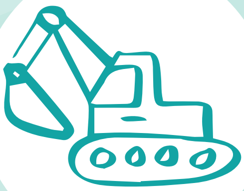
Read the Draft Annual Plan 2023/24 at **ccc.govt.nz/annualplan**
We'll go into more detail later, but here's a summary of our main proposals:

5.68% Overall average rates increase across all properties. This is slightly higher than the 5.42% in the LTP.

5.79% Average proposed rates increase for a typical household. See page 16 for an explanation on how this works.



$585.2 million Operational spend. This is $48.4 million more than what was in the LTP. This is spending on the day-to-day services we provide. The increase is mainly due to higher inflation and higher insurance and electricity costs.



$615.8 million Capital spend invested into the city. This is $136 million less than what was in the LTP as updated by the FY23 Annual Plan. This is spending on the construction of facilities and infrastructure.

$241.4 million Borrowing for the capital programme is $170.6 million less than planned in the LTP.

What to keep in mind for 2023/24

There were four big issues at top of mind when we developed the Long Term Plan 2021–31. They remain key priorities, and they're still shaping decisions about our spending over the next year.

Climate resilience

With sea levels rising and storm surges becoming more frequent, the effects of climate change are already being felt in Christchurch. We're adapting to our changing environment and making decisions in the face of uncertainty. This Annual Plan continues to draw on the commitments to climate resilience we set out in the Long Term Plan 2021–31, as well as set the scene for further work in the Long Term Plan 2024–34. While we're still considering the details, there's also a firm commitment to the proposed Climate Emergency Response Fund (CERF) funding offered to Christchurch to help us with climate-related initiatives.

Water

With nationwide water reform in the pipeline, the Council will maintain its focus on protecting our water source and ensuring Christchurch's water is safe and secure. We're also continuing to invest in the infrastructure required for the collection and disposal of wastewater and stormwater.

Water reforms

The Government is establishing four independent entities to deliver the wastewater, stormwater and drinking water services that are currently being provided by local authorities. Until 1 July 2024, when those entities are up and running, local authorities will continue to be responsible for providing water services to their communities.

Affordability

Our city is growing. That means more people contributing to our economy, but it also means more demand for services. You've told us to keep rates as low as we can while continuing to invest in our city for future generations – this requires a careful balance of priorities and funding, while weighing up the effects of inflation, rising interest rates and the ongoing ripples of COVID-19.

Keeping our roads, footpaths, facilities and assets up to standard

Upgrading our aging infrastructure is always a focus, and we're continuing with our programme of repairs, maintenance and enhancements. We're delivering $15.3 billion in capital projects over the next 30 years. We're taking the same approach we took last year when we adjusted our budgets: focusing on what we can realistically do, given the wider economic environment.

Changes to what's expected of us

All councils are required to include performance standards, or 'levels of service' in their Long Term Plans. As part of this Draft Annual Plan, we propose some minor changes for 2022/23 to the following:

	Original level of service agreed for 2023/24	New proposed level of service for 2023/24
Water supply[2]	100% of residents (with supplies of >100 customers) supplied with water compliant with the Drinking Water Standards New Zealand (DWSNZ) bacterial compliance criteria.	Water supplied is compliant with the Drinking Water Quality Assurance (DWQA) Rules in the Distribution System (bacteria compliance).
	Proportion of residents (with supplies of >100 customers) supplied with water compliant with the DWSNZ protozoal compliance criteria (>= 0.4%).	Water supplied is compliant with the DWQA Rules in the Treatment System (Protozoal compliance)
Recreation, sports, community arts and events[3]	40x recreation and sport facilities are available for use (Parakiore and Matatiki: Hornby Centre open).	39x recreation and sport facilities are available for use.
	The number of participants using multipurpose recreation and sport centres, outdoor pools and stadia at least 5.2 million.	The number of participants using multipurpose recreation and sport centres, outdoor pools and stadia at least 4.63 million.
Economic development[4]	Six initiatives to support industry cluster development, including Supernodes, to support job creation and work opportunities.	Six initiatives to support industry cluster development.
	70 employers have been actively worked with to attract them to the city to support economic recovery and repositioning.	100 employers/employment opportunities that have been attracted to the city.
	30 city bids prepared to attract business events to Christchurch.	50 city bids prepared to attract business events to Christchurch.

You can find more information about these proposed changes to our levels of service from page 85 of the Draft Annual Plan: **ccc.govt.nz/annualplan**

[2] *These two mandatory level of service measures and targets are being changed to appropriately reflect Department of Internal Affairs (DIA) and Office of the Auditor General (OAG) guidance received during audit of the Annual Report 2022.*

[3] *The targets are being adjusted to reflect delays in the opening of two new facilities: Matatiki: Hornby Centre, expected opening early 2024, and Parakiore Recreation and Sport Facility, expected opening early 2025.*

[4] *Proposed changes to targets to simplify language, to measure outcomes rather than activity, and/or to reflect the current opportunity in the market.*

Changes to spending, revenue and borrowing

Spending

Operational expenditure for 2023/24 is $48.4 million more than what was forecast in the LTP. This includes the additional inflation of $24.5 million, which is higher than forecast, and cost increases we have little control over – things like insurance, electricity and road condition assessment, which amount to $9.1 million. A further $7.5 million relates to consenting volumes and the extended Burwood landfill operations, both of which are offset by higher revenue. $3 million relates to a timing change in the Cathedral restoration grant, which has no impact on rates.

The remaining major changes are below:

- Investing $2.05 million in a coordinated effort to **attract major events to Christchurch**, which accounts for 0.32% of the proposed rates increase. With new opportunities presented by the completion of Te Pae, Te Kaha, Parakiore etc., this will enable Christchurch's agencies to plan together for maximum benefit, and for ratepayers and businesses to see the positive impact of these major investments.
- $2 million towards creating a **roving footpath maintenance crew**. Staff are working with contractors to plan the concept of having contractor-based crews who would proactively address any issues on footpaths in their contracted area. The cost is eligible for a Waka Kotahi subsidy of 51%, so the impact on the proposed rates increase is 0.16%.
- Some one-off actions we're taking to reduce rates next year include reviewing our unfilled vacancies list and removing some roles permanently, while deferring recruitment on others for 2023/24. Using the Council Group subventions has provided some additional one-off savings for 2023/24.
- An $8.5 million reduction in spending due to the change to the scheduled opening date for Parakiore Recreation and Sport Centre and Matatiki: Hornby Centre has partially offset some of the increases, noting this saving will be offset by lower revenue. Although capital programme borrowing is less than planned, because of interest rate rises net interest costs are $9.3 million higher than projected in the LTP.
- Using $1 million of the **Capital Endowment Fund** for grants that would normally be funded by rates. This fund is used for civic and community, innovation, economic development and looking after the environment, and has a higher-than-planned income due to higher interest rates. This has reduced proposed rates by 0.16%.

Our Capital Endowment Fund

The Council's Capital Endowment Fund (CEF) earns interest on investments, which we then use to make Economic and Community grants. Thanks to higher interest rates, we have more money than usual available to distribute this year.

We propose using some of those funds to reduce the rates increase facing our ratepayers for 2023/24 – by using $1 million from the CEF to fund grants that are normally funded by rates, it would have a savings impact of 0.16% on our overall average rate increase, which we've incorporated into the proposed 5.68%. This would leave $557,000 available in the CEF for the grants that it normally funds.

Another option is to only use $500,000, which would leave $1.057 million available for CEF grants. This would reduce the savings impact on our overall average rate increase to 0.08%, bringing it to 5.76%.

Which **option** do you prefer? Have your say at **ccc.govt.nz/haveyoursay**

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

Revenue

Excluding property-based rates, which are our biggest source of revenue, our total revenue for 2023/24 is $459.6 million – $149.4 million higher than what was forecast in the LTP.

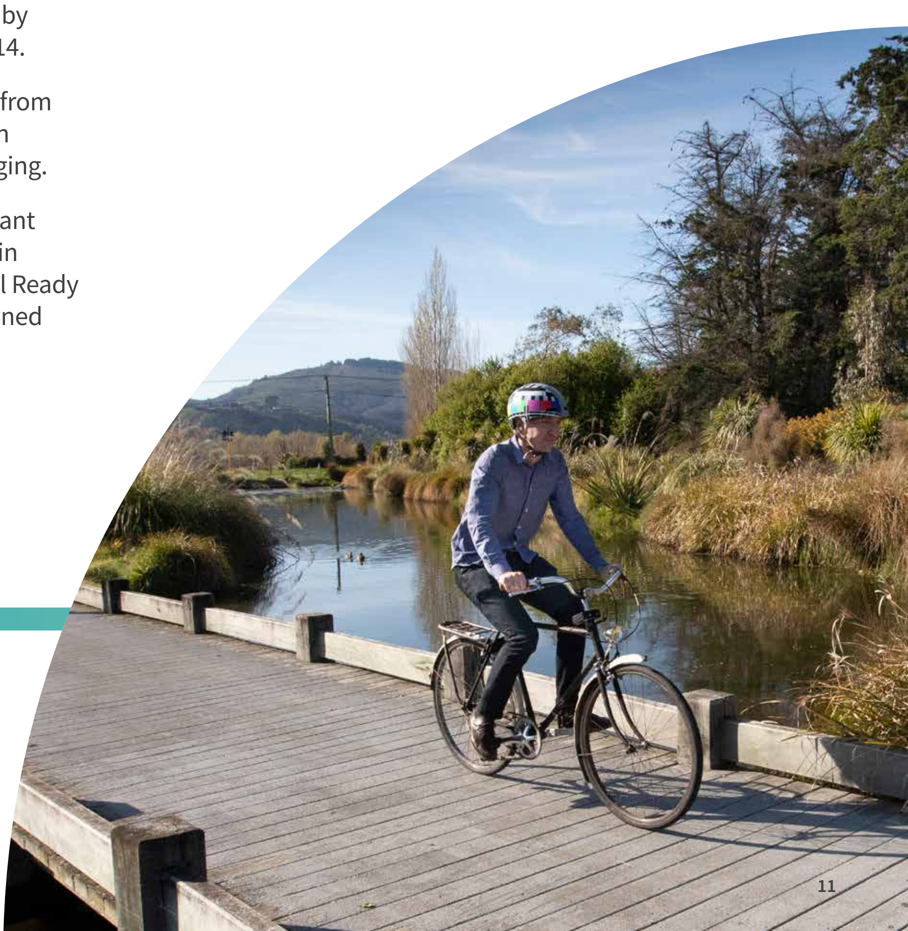
Significant changes in this year's Draft Annual Plan from the LTP are:

- Crown funding of $87.2 million for **Te Kaha** due to changes to the project's timing.
- Higher net interest revenues ($4.7 million), reflecting the impact of rising interest rates on funds.
- Increased Waka Kotahi capital subsidies ($24.4 million), largely due to additional eligible funding for Climate Emergency Response Fund (CERF) projects.
- Higher subvention receipts planned ($12.2 million) and other cost recoveries and revenues ($11.9 million) relating mainly to consenting and landfill operations.
- A proposed increase to the **differential on business property rates** to help mitigate the impact of the latest revaluation and keep the proportion of rates paid by business properties the same. See more on page 14.
- As noted earlier, expected revenue of $8.5 million from **Parakiore Recreation and Sport Centre** has been reduced due to the scheduled opening date changing.
- Capital revenue reductions include a $5 million grant for the **Performing Arts Precinct**, now budgeted in 2024/25 due to project delays, and retimed Shovel Ready revenues ($8.4 million) to align with updated planned capital delivery.

Borrowing

We propose $241 million of new borrowing in the Draft Annual Plan to help us deliver our capital programme in 2023/24 – $171 million lower than planned for in the LTP. We also propose to repay $60.2 million of existing debt.

Gross debt at 30 June 2024 is expected to be $2.53 billion – $377.6 million lower than planned in the LTP. This is mostly as a result of reprioritised capital delivery over the LTP period. Overall, 20.3% of Council rates will contribute to debt servicing and repayment costs, lower than the 24% forecast in the LTP.



Quarryman's Trail.

Changes to rates

The average proposed rates increase across all ratepayers – households, and business and rural properties – is 5.68%.

The proposed average rates increase for 2023/24 for a typical household is is 5.79%.

However, these increases could change, depending on whether some proposed changes to how we charge rates go ahead as part of this Annual Plan.

Your rates

Your rates are used to pay for day-to-day operational spending – running the social infrastructure that helps people connect and builds strong, resilient communities, as well as capital renewal and replacement projects. That means maintaining neighbourhood parks and sports fields, running swimming pools and community meeting places, and making sure we have a safe and reliable water supply. We borrow to pay for the remainder of our capital programme.

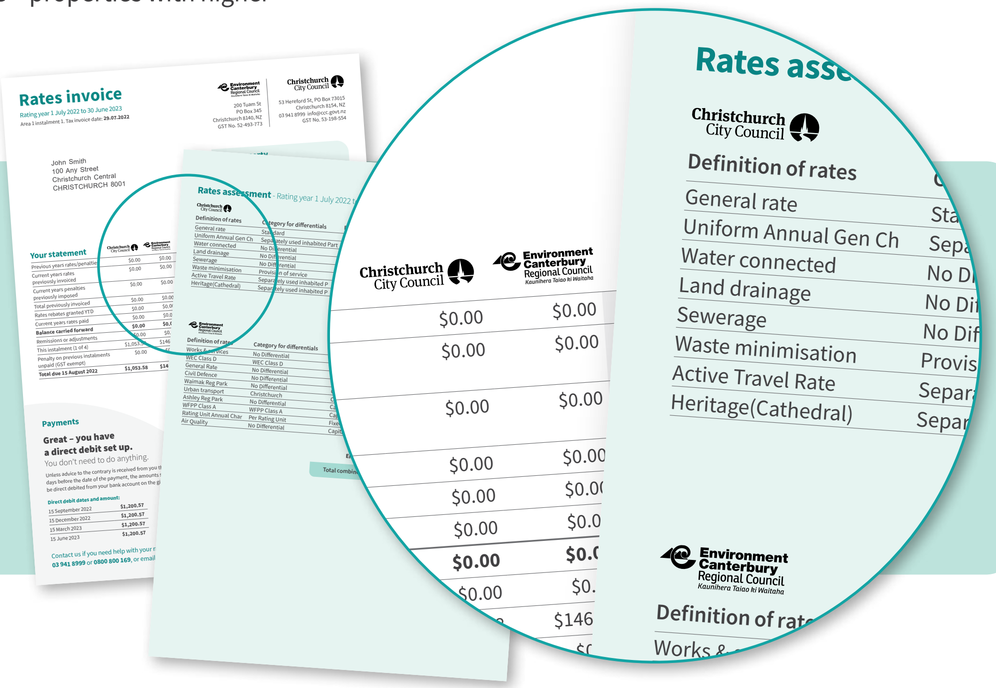
Many of our activities are a mix of capital and operational spending. For example, building a new footpath is capital spending, while repairing a pothole in a footpath is operational spending.

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

Rates increases for an individual property will depend 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, and the extent to which it may have changed in the 2022 revaluation relative to other properties.
- 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.

These increases relate to Christchurch City Council's rates, not to Environment Canterbury's (ECan) rates. Because we collect these on ECan's behalf, you'll also see their rates on your invoices.



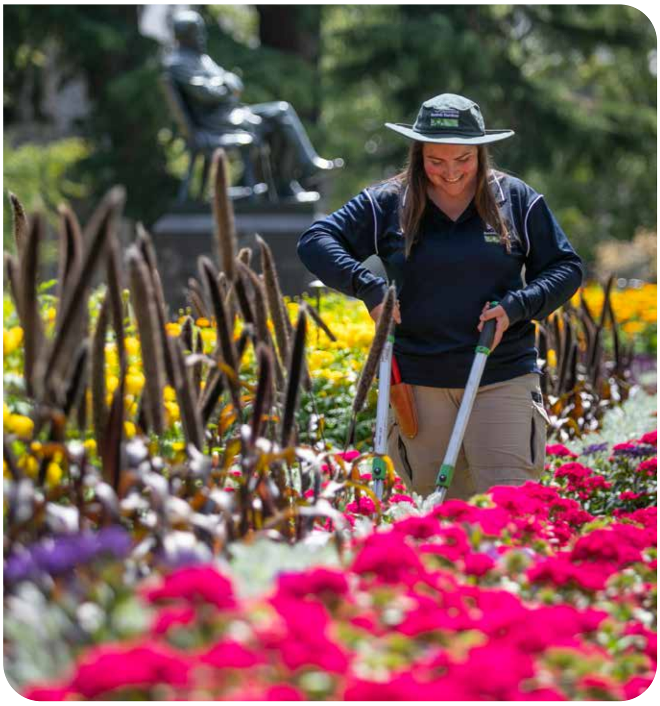
The Terraces.

The 2022 revaluation

Every three years, the Council is legally required to carry out a city-wide revaluation of every property for rating purposes. Quotable Value Ltd has recently completed its latest revaluation, and the new valuations will apply from 1 July 2023.

Broadly, property values across the city have increased substantially in the 2022 revaluation compared with the previous revaluation three years ago, particularly for residential property. Residential values increased by an average of 47.7%, while business properties saw a 24.4% increase.

The revaluation doesn't affect the total rates collected by Christchurch City Council, but it does affect how this is shared out between property owners.



Christchurch Botanic Gardens.

You can check the new valuations for your property at **ccc.govt.nz/rates**, along with your forecast rates for 2023/24.

Our proposed business differential on the general rate

The significant increase in the residential valuations will move more of the rates burden from business to residential ratepayers. Without some action from the Council, this will increase rates for most residential ratepayers while reducing rates for most business ratepayers.

At present, business properties account for 22% of the city's capital value and pay 26% of all our total rates. To keep the proportion of rates paid by business properties the same, we're proposing to increase their general rate differential.

The current business differential is 1.697, which means a business property pays general rates at 1.697 times what a standard property with the same capital value pays. The proposed differential on business properties of **2.22** would scale up the contribution that business properties make to general rates. The City Vacant differential would also increase from 4 to 4.523. The differential does not apply to any targeted rates like sewerage and water supply. Lowering the Uniform Annual General Charge would impact these figures too – see page 18 for details.

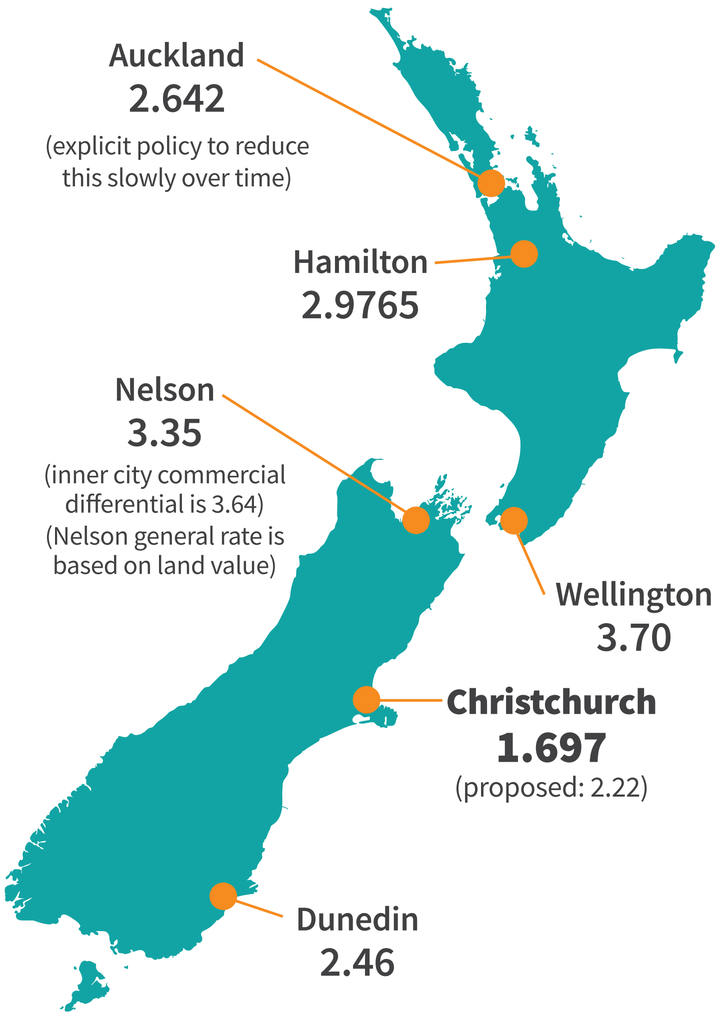
While this is a significant change in the business differential, the result will be that the business sector as a whole pays the same proportion of overall rates that it currently does.

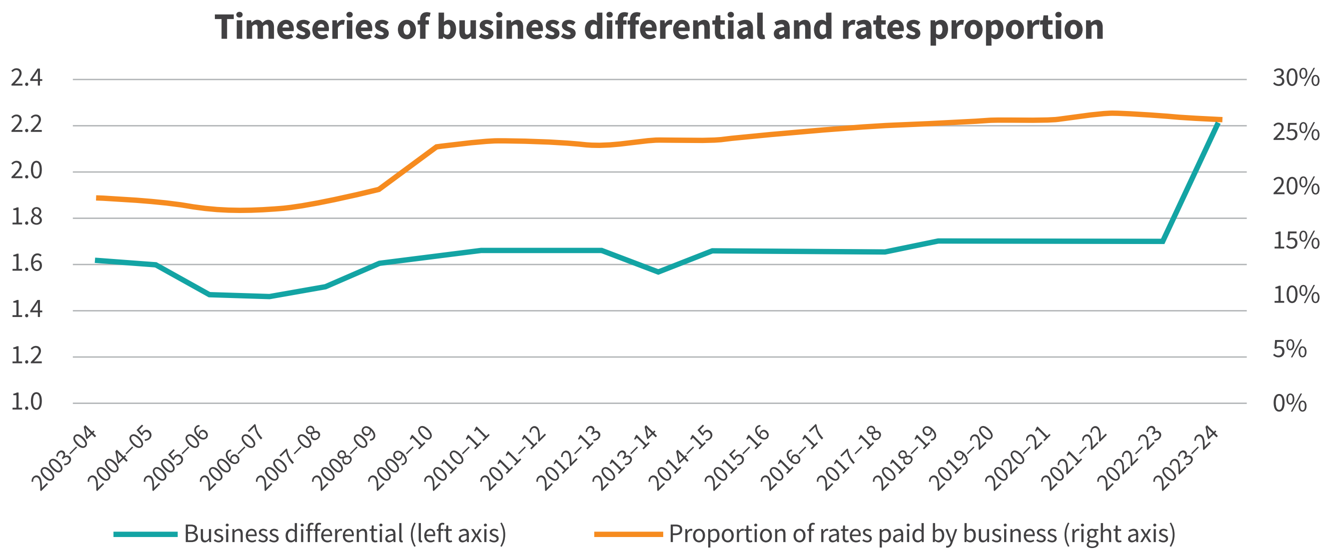
This reflects the concept that the relative benefits they get from the Council's services haven't significantly changed. It also means that rates increases for residential ratepayers are more affordable, with average increases in both sectors matching the overall average.

We also propose to increase the City Vacant differential from 4 to 4.523 to maintain the same gap between the business differential and the City Vacant differential.

The remote rural differential will remain unchanged at 0.75.

It's worth noting that Christchurch currently charges the lowest business differential of all main cities in the country...





Extending the City Vacant differential rating to the commercial areas of New Brighton, Lyttelton, Sydenham and Linwood Village

While this won't affect next year's annual plan, we would like your feedback on a proposal to extend the City Vacant differential rating from 1 July 2024. We introduced the City Vacant differential rating in 2022 to encourage owners of vacant land in the central city to keep their sites neat and tidy, and now we want to consider extending this to other areas of the city with the same issues.

The City Vacant differential rating (see **ccc.govt.nz/vacantsites/#rate**) reflected the fact that owners of vacant and derelict land – with lower capital values – were not making a fair contribution through their general rating towards the projects and initiatives the Council has had to fund to offset the negative effects of this type of site. The new City Vacant rating has encouraged many owners to look at how they keep their land in order to secure exemptions and remissions.

In a 2022 survey, vacant land was found to make up more than 10% of the commercial area in four of our suburban centres – New Brighton, Lyttelton, Sydenham and Linwood Village. Despite the Council supporting projects and activities to help improve the environment and/or stimulate activity in these areas, the appearance and upkeep of vacant land is undermining the appeal of investing in these suburban centres.

With this in mind, we'd like to hear your views about:

- From 1 July 2024, extending the use of City Vacant differential rating in the commercially zoned areas of New Brighton, Lyttelton, Sydenham and Linwood Village so that vacant site owners contribute towards ratepayer funded projects that improve the environment or stimulate activity.
- Other measures the Council could be taking, specifically in these four suburban centres, to help incentivise new investment or site improvement.

Have your say on these proposals at **ccc.govt.nz/haveyoursay** or see the submission options on page 26.

How the proposed rates increases could affect you

If we increase the business differential from 1.697 to 2.22 as proposed, and the UAGC remains at the $153 proposed, rates increases for an average house and an average business would both be close to the overall average of 5.68%. The business sector's share of overall rates would remain at 26%, like it is at present.

All rates listed below include GST.

Remember:

The best way to find out exactly what your rates could be from 1 July 2023 is to look up your property at **ccc.govt.nz/rates**

Residential property rates

A typical house will see a rates increase of 5.79%

Typical residential houses with different capital values will experience slightly different rates increases.

The following table shows average rates increases for residential properties based on their 2022 valuation, with the proposed differentials applied, and assuming the capital value for each property has increased by the average for houses of 47.7%.

The proposed 5.79% increase for residential properties is slightly higher than the 5.68% overall rates increase across all ratepayers we've proposed for 2023/24. Some properties will increase more than that, and others less. In general, here's how it will work:

- If your house valuation increased by more than the average of 47.7%, your rates increase will be somewhat higher than 5.79%.
- If your house valuation increased by less than 47.7%, your rates increase will be somewhat lower than 5.79%.

CV ($)	2022/23 rates	Proposed 2023/24 rates	Increase $ per year	Increase $ per week	Total change
300,000	$1,460.04	**$1,531.69**	**$71.64**	$1.38	4.91%
400,000	$1,826.38	**$1,922.03**	**$95.64**	$1.84	5.24%
500,000	$2,192.72	**$2,312.37**	**$119.65**	$2.30	5.46%
600,000	$2,559.07	**$2,702.71**	**$143.65**	$2.76	5.61%
700,000	$2,925.41	**$3,093.05**	**$167.65**	$3.22	5.73%
800,000	$3,291.75	**$3,483.40**	**$191.65**	$3.69	5.82%
1,000,000	$4,024.43	**$4,264.08**	**$239.65**	$4.61	5.95%
1,200,000	$4,757.11	**$5,044.76**	**$287.65**	$5.53	6.05%
1,500,000	$5,856.13	**$6,215.79**	**$359.66**	$6.92	6.14%
2,000,000	$7,687.84	**$8,167.50**	**$479.66**	$9.22	6.24%
3,000,000	$11,351.25	**$12,070.92**	**$719.67**	$13.84	6.34%
Average house					
764,364	**$3,161.20**	**$3,344.30**	**$183.10**	**$3.52**	**5.79%**

Business property rates

A typical business property would see a rates increase of 5.83%

Typical business properties with different capital values will experience slightly different rates increases. Based on their 2022 valuation, with the proposed differentials applied, and assuming the capital value for each property has increased by the average for businesses of 24.4%, those average increases are:

CV ($)	2022/23 rates	Proposed 2023/24 rates	Increase $ per year	Increase $ per week	Total change
300,000	$2,208.77	$2,318.79	$110.02	$2.12	4.98%
500,000	$3,440.60	$3,624.22	$183.61	$3.53	5.34%
1,000,000	$6,520.19	$6,887.77	$367.58	$7.07	5.64%
1,500,000	$9,599.77	$10,151.33	$551.55	$10.61	5.75%
2,000,000	$12,679.36	$13,414.88	$735.52	$14.14	5.80%
2,500,000	$15,758.94	$16,678.44	$919.49	$17.68	5.83%
3,000,000	$18,838.53	$19,941.99	$1,103.46	$21.22	5.86%
4,000,000	$24,997.70	$26,469.10	$1,471.40	$28.30	5.89%
5,000,000	$31,156.86	$32,996.21	$1,839.35	$35.37	5.90%
Average business					
2,442,382	**$15,404.06**	**$16,302.36**	**$898.29**	**$17.27**	**5.83%**

Remote rural property rates

A typical farm property would see a rates increase of 0.69%

Typical farms with different capital values will experience slightly different rates increases. Based on their 2022 valuation, with the proposed differentials applied, and assuming the capital value for each property has increased by the average for rural properties of 50.1%, those average increases are:

CV ($)	2022/23 rates	Proposed 2023/24 rates	Increase $ per year	Increase $ per week	Total change
300,000	$801.00	$806.18	$5.18	$0.10	0.65%
500,000	$1,125.91	$1,133.39	$7.48	$0.14	0.66%
800,000	$1,613.26	$1,624.20	$10.94	$0.21	0.68%
1,000,000	$1,938.16	$1,951.41	$13.25	$0.25	0.68%
1,500,000	$2,750.42	$2,769.43	$19.01	$0.37	0.69%
2,000,000	$3,562.68	$3,587.45	$24.77	$0.48	0.70%
3,000,000	$5,187.19	$5,223.49	$36.30	$0.70	0.70%
4,000,000	$6,811.70	$6,859.53	$47.83	$0.92	0.70%
5,000,000	$8,436.21	$8,495.57	$59.36	$1.14	0.70%
Average remote rural property					
1,557,204	**$2,843.35**	**$2,863.02**	**$19.67**	**$0.38**	**0.69%**

What happens if we don't change the differentials?

The average overall rates increase for 2023/24 is 5.68%. If we don't change the differentials, that increase will be directed more towards standard (mainly residential) properties and away from businesses. Rates for an average value house with a new capital value of $764,364 would increase by 10.2%, assuming the house increased 47.7% in value, and that it pays the most common set of rates. In contrast, rates for an average-sized business property with a capital value of $2.44 million would fall by 7.1%. The business sector's share of overall rates would fall from 26% to 23%.

A potential change to our Uniform Annual General Charge

We want your opinion on whether we should consider lowering the Uniform General Annual Charge (UAGC) to try and reduce the impact of the revaluation increases on some of our lower income households.

Doing this would also mean the shortfall caused by this reduction would need to be recovered from the capital value portion of our general rate.

The UAGC is a fixed portion of every rates bill charged across all ratepayers, and reflects that many of the things the Council does – like roads, parks, libraries, etc. – benefit everyone equally. We do it to avoid placing too much weight on the capital value of people's homes as the basis for the rates we charge, and it gives us a wider tax base.

What options are we looking at?

A Our proposal

Our current proposal, which is reflected in this draft plan, is a UAGC of $153 in 2023/24. Our current UAGC is $145 a year, and Christchurch's fixed charges are among the lowest in New Zealand. The proposed increase to $153 is in line with the current proportion of your rates bill that forms the UAGC, and is in line with the overall rates increase.

How our current UAGC compares to other councils:

Auckland:	$477	Nelson:	$376
Hamilton:	$613	Selwyn:	$294
Tauranga:	$251	Christchurch:	$145

B The alternative

We want your feedback on an alternative of setting the UAGC at a lower value of $50. The thinking behind this is that reducing the UAGC would lower the overall rates on properties with a lower capital value.

Doing this would leave a $17 million shortfall in the Council's rates take, which we'd need to make up for by charging more of our rates purely on the basis of capital value. In general, this would mean properties with a lower value would pay a lower general rate than we propose, and properties with a higher value would pay more.

The proposed business differential would need to be adjusted from 2.22 to 2.11 to keep the same proportion of rates paid by the business sector. The City Vacant Differential would need to change from 4.523 to 4.413.

Margaret Mahy Family Playground.

You can find more detail about what a change to the UAGC could mean for you at **ccc.govt.nz/annualplan**

Here's what it might look like...

Under the alternative option, the average-value house of $764,364 would face a higher rates increase of $189 or 5.97%. However, a relatively lower-value property of $300,000 would see its rates increase compared with the previous year by $11 or 0.8%. At the other end of the scale, a relatively higher-value house of $2 million would see a larger increase of $661 or 8.6%.

CV ($) after revaluation	Current rates ($)	Rates in 2023/24						Difference ($) between alternative and proposal
		Proposal			Alternative			
		Rates ($)	Increase ($)	Increase (%)	Rates ($)	Increase ($)	Increase (%)	
300,000	1,460	1,532	72	4.9%	1,471	11	0.8%	-60
400,000	1,826	1,922	96	5.2%	1,876	49	2.7%	-46
500,000	2,193	2,312	120	5.5%	2,280	88	4.0%	-32
600,000	2,559	2,703	144	5.6%	2,685	126	4.9%	-18
700,000	2,925	3,093	168	5.7%	3,089	164	5.6%	-4
800,000	3,292	3,483	192	5.8%	3,494	202	6.1%	11
1,000,000	4,024	4,264	240	6.0%	4,303	279	6.9%	39
1,200,000	4,757	5,045	288	6.0%	5,112	355	7.5%	67
1,500,000	5,856	6,216	360	6.1%	6,326	470	8.0%	110
2,000,000	7,688	8,168	480	6.2%	8,348	661	8.6%	181
3,000,000	11,351	12,071	720	6.3%	12,394	1,042	9.2%	323
Average house								
764,364	**3,161**	**3,344**	**183**	**5.79%**	**3,350**	**189**	**5.97%**	**6**

What else to keep in mind...

Lowering the UAGC would also benefit more than 3400 small, non-residential properties like power kiosk sites, vacant land, garages, storage sheds and car parks. They would all pay lower rates, and all other ratepayers would need to cover the shortfall.

Low income households also have other support to pay their rates, including the Government-funded rates rebate – which can be up to $700, much more than the UAGC – and rates postponements, which let people aged 65 or older and those in financial hardship draw on the equity in their properties to pay their rates.

We'd like to hear from you about which option you prefer – our proposed option with a UAGC of $153, or the alternative option with a lower UAGC of $50 but a higher capital value charge.

A change to our Excess Water Supply Targeted Rate

The main reason we've introduced the Excess Water Supply Targeted Rate is to help reduce the extreme demand on our water supply network at certain times, particularly over summer. If we can do this, it means we won't have to spend as much money upgrading and building new infrastructure to cope with the extreme demand. We've projected that this rate could result in an estimated $17 million in capital expenditure being deferred in the next 10 years. Visit **ccc.govt.nz/excesswater** for more information about this.

At the moment, residential properties have an allowance of 700 litres of water a day before we start charging for their excess water supply. We're proposing increasing this average daily allowance to 900 litres from 1 July 2023. This proposal is already included in our proposed 5.68% rates increase, and it accounts for 0.10% of it in 2023/24. If the proposal doesn't go ahead and the limit stays at 700, it would reduce the overall rates increase by 0.10%.

Have your say on these proposals at **ccc.govt.nz/haveyoursay** or see the submission options on page 26.

Changes to the capital programme

The Draft Annual Plan shows our commitment to our priorities for the capital programme:

- Maintaining and renewing our water supply and stormwater infrastructure.
- Improving our roads and footpaths.
- Maintaining our parks and riverbanks.
- Completing the Major Cycle Routes so we can deliver longstanding commitments and make the most of Government subsidies that may not be available later.
- Building new facilities.
- Adapting to climate change.

We've reviewed the whole capital programme with a focus on deliverability– there's no need to charge the ratepayer for work in 2023/24 if we don't think we'll be realistically able to do it that year.

With an ever-changing economic environment created by supply chain issues, cost escalation, the Government's proposed reforms, and the availability of people to actually do all the work, we're being realistic about what we can deliver and when. That means we'll invest a total of $616 million in the capital programme in 2023/24. This is $136 million less than what was in the LTP 2021, amended by the FY23 Annual Plan. We've focused this re-phasing mainly on Transport, Three Waters and Waste, where $136 million has been removed from FY24 and will instead be spent throughout the balance of the LTP up to 2031. This results in a roughly 0.5% rates reduction in 2023/24, accumulating to 2% in 2024/25.

Next year, you'll get the chance to have a say on which capital projects are prioritised in 2024/25, including those deferrals from FY24, when we consult on the Long Term Plan 2024–34. By this time, the impacts of the Three Waters reform will become clearer. In addition, we'll continue to keep our programme of capital works focused on what's actually achievable each year, and over 10 years. We owe it to ratepayers to keep our budgets no bigger than they need to be.

Our capital programme is funded by a mixture of different pots of money: rates and debt, earthquake recovery payments, subsidies and grants, development contributions and proceeds from asset sales. In 2023/24, we propose to rate for $193 million of renewals of infrastructure and facilities across Christchurch and Banks Peninsula.

The reprioritised capital programme budget includes changes in the areas on the facing page.

You can find more information about the schedule of proposed changes to our capital programme from page 75 in the Draft Annual Plan: **ccc.govt.nz/annualplan**

The easiest way to see all our proposed changes at a glance is using our online search tool at **ccc.govt.nz/annualplan**, a handy guide to the Council projects that are affected by the Draft Annual Plan. Search by the area you live in, the type of project, the project name or even just a key word, and see at a glance what's been proposed for each project.

Avondale Bridge.

Community facilities

- Construction is currently underway on some significant major facilities. We've awarded the contracts and funded the projects accordingly to match construction schedules – these include **Te Kaha**, **Matatiki: Hornby Centre**, and **The Court Theatre** in the Performing Arts Precinct.
- We propose rephasing the planned rebuild of the **South Library and Service Centre building**, pushing $5.5 million to a future year, as we'll spend 2023/24 doing upfront planning, scoping and design, and to confirm external Better Off funding support from the Government. We're keeping $3 million in 2023/24.
- We propose to push out $5.9 million in renewals for **Jellie Park and Pioneer** recreation and sport centres to give time for **Parakiore Recreation and Sport Centre** to be completed. Doing this work later will mean we won't disrupt these important community facilities before we have Parakiore available as an alternative.
- We're rephasing $2.1 million in 2023/24 to allow early commencement of the planned first stage of work to restore the **Canterbury Provincial Chambers** building.

Three Waters

- In order to better align with design, securing resource consents, community engagement and the limitations of seasonal works, we propose pushing out $13.7 million in the stormwater and flood protection and control programme. However, a lot of work continues in this area with excellent progress and continued funding in the Ōpāwaho/Heathcote catchments and throughout the Ōtākaro Avon River Corridor programme. Recent events around New Zealand demonstrate the importance of continued investment for improved resilience and water quality in this area. At the time of this writing, we don't expect the anticipated repair programmes in the North Island (in response to damage created by Cyclone Gabrielle in February 2023) to have any demonstrable effect on market capacity in Christchurch. However, detailed assessments of repairs and reinstatement costs haven't been completed yet. The impacts of Cyclone Gabrielle won't help ease inflated market prices.
- To help us deliver the projects reliably given the difficult market conditions at the moment, we propose pushing out $20 million for the water supply programme and $26.9 million for the wastewater programme.

Transport

- While we complete the first stage of investigation work on the **Pages Road Bridge**, we propose pushing out the $6.4 million we've earmarked for its construction. We're in the first stage right now, and it involves working through details including consents, hearings and coordination with adjoining streets. When we first scheduled this project, we had to indicate when we thought construction would start. Now that we've completed more detailed planning, that timing has shifted, and we want to avoid charging ratepayers money for construction that we won't be doing that year. However, this project remains a high priority for the community and the city as a whole.
- We also propose pushing out approximately $23 million for environment projects, mostly in the cycleways programme, to better align them to when we can deliver them more reliably under difficult market conditions, and $10 million for safety projects. We propose not starting construction on the **Wheels to Wings** cycleway for 12 months to give councillors and staff time to work closely with the community to address concerns about the cycleway's design. We also propose bringing forward $300,000 to support improvements to **New Brighton Mall**'s public realm.
- With support from external funding – the Christchurch Regeneration Acceleration Facility (CRAF) and the Climate Emergency Response Fund (CERF) – we're still prioritising our community-focused safety and environment programme of projects. We propose deferring a number of transport projects valued at $4.4 million to allow us to make use of up to $23.1 million of CERF funding, and to help us deliver them more reliably under difficult market conditions.

Waste

- In April 2022, the Council agreed in principle to move the existing **Bromley organics processing** operation to an alternative location. In June 2022, the Council approved the procurement plan for a new organics processing facility, and we're now mid-way through the procurement process. In the meantime, the funding for the organics processing plant has been rephased to FY26/28 to meet the likely delivery programme. Once the Council makes a decision on a new plant, we'll rephase the funding programme to suit the construction of the new facility.

Key changes to fees and charges

We're proposing to change some Council fees and charges in the Draft Annual Plan.

We're conscious of the financial pressure many of our residents and ratepayers are under, and we've attempted to avoid cost increases to the community that would create a barrier for them using our services. In other areas the proposed fee increase is in keeping with the increased costs the Council is facing. Fees in some areas are staying the same.

You can find more information about these proposed changes to our fees and charges from page 135 of the Draft Annual Plan:
ccc.govt.nz/annualplan

Potential disposal of anticipated surplus Council owned properties

The Council has a small number of properties which are no longer being used for the purpose they were originally acquired for.

We want your feedback as part of this Draft Annual Plan to help us decide the future of each property.

A full list of the properties and more information can be found at **ccc.govt.nz/annualplan**

The properties we're putting up for consideration make up less than 1% of the Council's overall portfolio and won't affect current levels of service. The Council owns many types of properties of all different shapes and sizes, and that portfolio is growing – since 2011, it's grown by more than 12% (1020 hectares, or about 6.2 Hagley Parks), and we know that there's more to come. Because owning property has a cost, it's good financial practice to continually review the portfolio and decide whether to keep or dispose of properties that are no longer being used for their original purpose.

When doing this, our first step is to identify likely properties and assess them against the criteria for retention. These criteria include whether the property is being used for the purpose it was originally acquired for, its cultural, environmental or heritage value, and whether or not it can meet any of the Council's immediate or longer-term needs. Properties that don't meet the retention criteria go onto the shortlist to be considered for disposal.

We've now reached the next step – consulting the public. If, following consultation, this proposal is adopted and included in the Annual Plan 2023/24, all properties determined to be surplus will be disposed of in a manner as set out in Council's policy and normal practices:

Policy: Publicly tendering properties for sale unless there is a clear reason for doing otherwise.

Practice: In an open, transparent, well-advertised and public manner at market value. This may include methods other than tender, such as auction, deadline sale or general listing.

First major concrete pour at the Te Kaha site.

Where it's appropriate, the Council may consider departing from these practices to give effect to the Housing Policy we adopted in 2016. This could result in the land being used to deliver the outcomes of that policy, like selling land to other housing providers for them to develop and/or deliver social and affordable housing.

This consultation process also covers the consultation we need to do if the land identified in the list of properties is a:

- **Park** – this is land acquired or used principally for community, recreational, environmental, cultural, or spiritual purposes. Under section 138 of the Local Government Act 2002, we need to consult if we plan to lease this land for more than six months (and it has the effect of excluding or substantially interfering with public access to the park) or sell it.
- **Reserve under the Reserves Act 1977** – a decision to declare a reserve "surplus" will implicitly include a decision to revoke the "reserve" classification. The Reserves Act requires us to serve notice under section 24(2)(c) if we're considering revoking the reserve status. This consultation covers the requirement, and anyone who wishes to object to the proposed revocation of the status of the land indicated as reserve by the Council **must** do so in writing within one month after the first publication of the Draft Annual Plan (being notification of the proposal). Submitters should also state if they wish to appear before the Council as the administrating body.

Have your say on these proposals at **ccc.govt.nz/haveyoursay** or see the submission options on page 26.

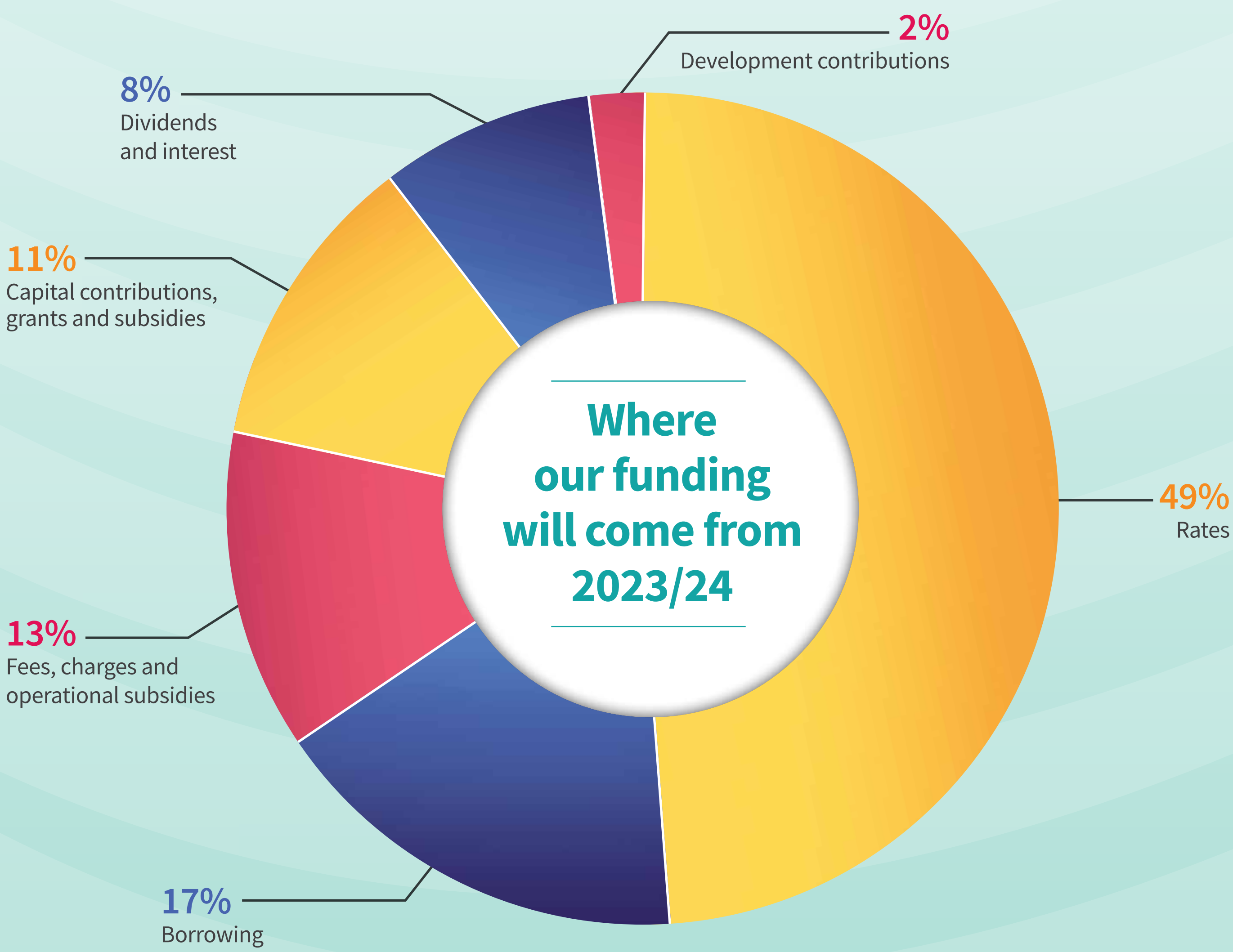
Funding breakdown

Where our funding will come from

Rates provide nearly half (49%) of the Council's funding for the services and activities that keep Christchurch running.

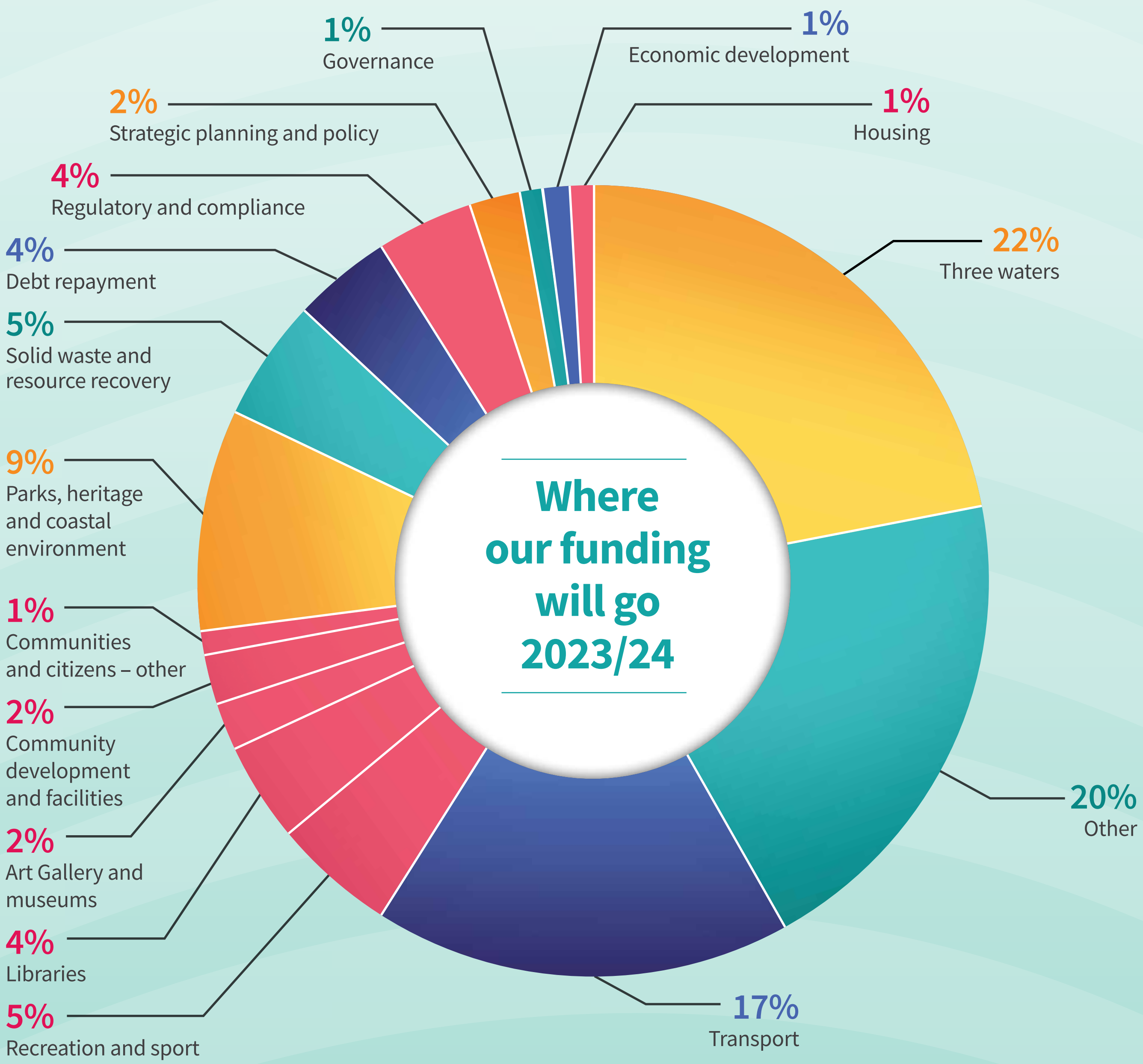
In the 2023/24 financial year we propose collecting $684 million (excluding GST) in rates to help pay for essential services as well as capital renewal and replacement projects, events and festivals. This income is topped up with funding from fees and charges, government subsidies, development contributions, and interest and dividends from subsidiaries. We borrow to fund a significant portion of the capital programme.

In the LTP we proposed an average rates increase of 5.42% for 2023/24. We're now proposing an overall average rates increase of 5.68%.



Where our funding will go

We propose spending $1.39 billion on operational services and capital works across a range of activities in 2023/24. “Other” comprises unallocated interest costs, and capital expenditure largely relating to Te Kaha, IT projects and the Performing Arts Precinct project.



How to have your say

We'd like your feedback on our plans for the coming year, and the issues we've raised in this consultation document.

Submissions can be made from Friday 10 March 2023 until 11.59pm on Monday 10 April 2023.

There are several ways you can give feedback:

Online: **ccc.govt.nz/haveyoursay**

Email: **cccplan@ccc.govt.nz**
Please include your full name and postal address. If you wish to speak at the public hearings, please also provide a daytime phone number. If your feedback is on behalf of a group or organisation, you must include your organisation's name and your role in the organisation.

Fill out a submission form at your nearest library or service centre.

Post a letter to:

Freepost 178 (no stamp required)
Draft Annual Plan Submissions
Christchurch City Council
PO Box 73016
Christchurch 8154

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

Regardless of the method you use to give feedback, your submission **must** include your full name, email address and postal address. If you wish to speak to your submission at the public hearings, please also provide a daytime phone number.

If your submission is on behalf of a group or organisation, you **must** include your organisation's name and your role in the organisation.

Hearings

Public hearings will be held in late April/early May 2023 (specific hearings dates to be confirmed).

Submissions are public information

We require your contact details as part of your submission (Local Government Official Information and Meetings Act 1987). Your feedback, name and address are provided to decision makers. Your feedback, with your name only, will be available on our website. However, if requested we will make submissions, including contact details, publicly available. If you feel there are reasons why your contact details and/or submission should be kept confidential, please contact the Engagement Manager by phoning (03) 941 8999 or 0800 800 169.

Social media

Informal feedback, which is not counted as a submission but will be summarised for our councillors to consider, can be made in the following ways:

Go to our Facebook page **facebook.com/christchurchcitycouncil** and include **#cccplan** in your post.

Tweet us your feedback using **#cccplan**

Talk to the team

Please let us know if you'd like us to attend your community meeting or event, or call us directly if you have any questions:

Tessa Zant, Engagement Manager
Phone: 03 941 8935
tessa.zant@ccc.govt.nz

Your local community board members will do their best to be out and about in your area during the time we're consulting on the Draft Annual Plan. If you'd like to talk directly with a councillor or community board member about the Draft Annual Plan, get in touch: **ccc.govt.nz/community-boards**

ccc.govt.nz/haveyoursay

Questions to think about when making your submission

- **What do you think of our proposed average rates increase of 5.68% across all ratepayers (which is higher than the 5.42% signalled in the Long Term Plan 2021–31) and an average residential rates increase of 5.79%?**

- **Do you have any comments about our proposed changes to revenue, spending and borrowing?**

- **We want your feedback on our proposed alternatives for how we set the Uniform Annual General Charge (UAGC) – what do you prefer?**

  Our proposal (A)
  Our current proposed UAGC of $153 in 2023/24. This is in line with the current proportion of your rates bill that forms the UAGC, and is in line with the overall rates increase.

  The alternative (B)
  Setting the UAGC at a lower value of $50, reducing the overall rates on properties with a lower capital value, but leaving a $17 million shortfall in the Council's rates take, which would need to be made up by other ratepayers.

- **We're proposing some changes to our rates policies. Do you support or oppose:**
  - **A proposed differential on business properties** of 2.22 to maintain the contribution that business properties make to general rates from 1 July 2023.
  - **Extending the use of City Vacant differential rating** in the commercially zoned areas of New Brighton, Lyttelton, Sydenham and Linwood Village from 1 July 2024.

- **Do you have any comments on our proposed changes to fees and charges?**

- **At the moment residential properties have an allowance of 700 litres of water a day before we start charging for their excess water supply. We're proposing increasing this average daily allowance to 900 litres from 1 July 2023. This proposal is already included in our proposed 5.68% rates increase, and accounts for 0.10% of it in 2023/24. If the proposal doesn't go ahead and the limit stays at 700, the overall rates increase would decrease. Do you support increasing the allowance to 900 litres of water a day for residential properties?**

- **We're proposing a change to how we use our Capital Endowment Fund (CEF) to fund community grants in 2023/24 – which option do you prefer?**

  Option 1
  Using $1 million from the CEF for one year only to fund grants, and reduce the overall average rates increase by 0.16%.

  Option 2
  Using $500,000 from the CEF for one year only to fund grants, and reduce the overall average rates increase by 0.08%.

- **Do you have any comments about our capital programme (for example, our roads and footpaths, our water, wastewater, surface water and waterways, our facilities and our parks)?**

- **The Council has a small number of properties which are no longer being used for the purpose they were originally acquired for. Do you have any feedback to help us decide the future of these properties?**

ccc.govt.nz/haveyoursay

Kōrero mai
Mahere Rautaki ā tau

Have your say on Our Draft Annual Plan 2023/24

ccc.govt.nz/haveyoursay

Tell us what you think by Monday 10 April 2023

Christchurch City Council