

ENVIRONMENTAL SCAN 2022

Local Elections 2022





Global Picture

GLOBAL ECONOMY

Highlights

Inflation is projected at

6.6%

in advanced economies

and

9.5%

in emerging markets and developing economies

(International Monetary Fund)

The OECD unemployment rate was

— 5% —

in May 2022

the lowest level since 2001

The International Monetary Fund projects growth to be **3.2%** in 2022 and slow to **2.9%** in 2023.

There are conflicting views about economic growth in the near future. World Bank is projecting growth to slow to **2.9%** in 2022 and average around **3%** in 2023/24.

In 2021 global GDP was at

us\$94 TRILLION

Additional information

- The Russia-Ukraine war has compounded the damage created by the COVID-19 pandemic and magnified the slowdown in the global economy.
- Globally, countries are grappling with rising inflation and how to manage this.
- With the impact of the Russia-Ukraine war and broadening of price pressures, inflation is expected to remain elevated globally for longer than in the previous forecast.
- The conflict is likely to have a long-lasting impact on commodity prices, affecting oil and gas prices more severely in 2022 and food prices well into 2023.
- In advanced economies, activity is and will continue to be impacted by rising energy prices, less favourable financial conditions, and supply chain disruptions.

Things to consider

- There is widespread uncertainty around the global economic outlook in the short to medium term (3–5 years).
- The global economy has changed significantly in the past two years. Historic trends are unlikely to be indicative of what coming years may hold.

Long term outlook or questions

- Rising inflation is a global phenomenon that countries across the world are grappling with. Disinflationary monetary policy is expected to hinder economic growth.
- Projections suggest that by 2030, 588 million people are expected to live in extreme poverty, 51 million more than pre-pandemic estimates.
- It is unclear how long the Russia-Ukraine war will last. A protracted conflict will likely lead to significant ongoing challenges for the global economy.
- It is likely that we will see ongoing global competition in the labour market, particularly in the face of skills shortages in several areas.

“

The global economy is having more impact than normal on the New Zealand economy. We need to look beyond New Zealand forecasting for signals of what may happen in coming years.

”



GEOPOLITICAL INFLUENCES

Highlights

Russia has closed its airspace to

— **36** —
countries

including the United States, Canada, the United Kingdom and the European Union.

More than
1000
foreign
companies
have halted their
operations
in Russia.

More than

— **30** —
countries

have imposed sanctions against Russia, cutting energy imports, blocking financial transactions and halting shipments of key imports, such as semiconductors and other electronics.

The overall value of global trade rose to a record

us\$7.7
TRILLION

in Q1 2022, driven more by the rising cost of commodities than increases in volume.

Over the last decade, the number of international migrants has grown consistently

from
221
million people
in 2010 →
281
million people
in 2020

In 2020, almost 281 million people lived in a country other than their country of birth

Long term outlook or questions

- Economic growth forecasts for 2022 are being revised downwards due to rising interest rates, inflationary pressures in many economies, and negative global economic impacts from the conflict in Ukraine. It's unclear how long these conditions are likely to persist for.
- It's likely that global trade will reflect these trends, with a decrease in trade growth.
- Tightening policies and geopolitical frictions are expected to negatively affect global trade during 2022 and likely into 2023. This is expected to affect the energy and food markets in particular.
- In the medium and long term, trade patterns are expected to reflect the increasing global demand for products that are environmentally sustainable.

Things to consider

- Globally, social cohesion has eroded since the start of the pandemic in 2020. As a result, countries may prioritise regional unity at the expense of global relationships.
- China's growing military capability is changing the balance of power in the Western Pacific. Other states, such as Russia and Turkey, are also showing greater capability and willingness to project power abroad.
- There are new geopolitical allegiances emerging, which may have wider repercussions for global geopolitical relationships
- More parts of the world risk becoming a base from which cybercriminals can attack globally. This could deepen digital divides if countries then face restrictions on their access to digital technologies.
- The world will face high environmental and economic costs if we collectively fail to achieve the net zero by 2050 climate goal. Achieving this goal is going to require strong geopolitical and international relationships, and a desire to work towards a common goal.

Additional information

- The global geopolitical landscape has changed significantly in recent years. Key events include the withdrawal of the United Kingdom from the European Union, the Russia-Ukraine war and growing tension between China and the United States and Australia.
- Growth in global trade continues to rise, signaling the importance of trade for countries and economies across the globe.
- The Russia-Ukraine war is affecting international trade by putting pressure on international energy and food prices.
- Globally, demand for food and energy products is relatively inelastic, likely resulting in higher trade values and marginally lower trade volumes in at least the short term.
- China continues to signal that they have a desire to become a global power. President Xi of China has pledged, "to complete the modernization of China's armed forces by 2035 and build a world-class military capable of winning wars across all theatres by 2050". **There is a big focus on technologies, particularly big data and artificial intelligence.**
- China has long had growing interest in the Indo-Pacific, where it has been steadily growing its trade, aid, diplomatic and commercial activity since 2006. China's influence in the Pacific region is geographically significant because of their growing ability to control supply and access close to Australia and New Zealand.



Global Picture

IMPACTS OF COVID-19

As of 31 August 2022, there have been:

More than
599 million
confirmed cases of COVID-19.

More than
6 million
deaths (WHO).

More than
12 million
vaccine doses administered.

It is estimated that approximately half of people with COVID-19 experienced ongoing health issues at six months after recovery.

WHO highlights some studies reporting that about a third of people with COVID-19 had not returned to their usual state of health when interviewed 3 to 6 weeks after diagnosis.

The impacts of COVID-19 are still ongoing, although many countries have returned to a 'new normal'.

- COVID-19 restrictions are now easing, with the exception of China.
- Countries are reopening their borders to international travellers.

There is ongoing inflation and pressure on supply chains.



Additional information

The COVID-19 pandemic has put immense pressure on health sectors and businesses and has disrupted global supply chains, resulting in low unemployment and higher inflation around the world. Ongoing COVID-19 lockdowns in China have contributed significantly to supply chain challenges.

Unprecedented amounts of monetary and fiscal stimulus have been applied in the global economy to buffer the economic impacts of COVID-19.

Increased consumer demand, combined with international supply chain problems, has now seen inflationary pressures appear globally.

The labour market recovery has been strong in most OECD countries, however this has resulted in a tight labour market, with countries competing for talent.

On average across the OECD, vacancy rates have increased the most for:

- Manufacturing industries.
- Accommodation.
- Food services.

A number of countries have also faced recruitment challenges with healthcare-related work.

These industries were particularly hard-hit by the pandemic and highlighted the detrimental effects of low pay, as well as poor working conditions and social protection.

This goes hand-in-hand with increasing resignations as people choose more attractive job opportunities.



The cost of transporting goods to New Zealand doubled in the year to December 2021. This has also filtered through to annual tradables CPI inflation, which rose to 6.9% in December 2021.

Things to consider

- There is widespread uncertainty around the global economic outlook in the short to medium term.
- The global economy has changed significantly in the past two years. Historic trends are unlikely to be indicative of what coming years may hold.

Long term outlook or questions

- Rising inflation is a global phenomenon that countries across the world are grappling with. Disinflationary monetary policy is expected to hinder economic growth.
- Projections suggest that by 2030, 588 million people are expected to live in extreme poverty, 51 million more than pre-pandemic estimates.
- It is unclear how long the Russia-Ukraine war will last. A protracted conflict will likely lead to significant ongoing challenges for the global economy.
- It is likely that we will see ongoing global competition in the labour market, particularly in the face of skills shortages in several areas.



Global Picture

CLIMATE CHANGE

Highlights



Global net anthropogenic **Greenhouse Gas (GHG) emissions during the last decade (2010–2019) were higher than at any previous time in human history.**

Global emissions need to halve by 2030 and reach net zero by around 2050 to have a

60% chance

of staying below potentially catastrophic levels of climate change (IPCC).

The average annual emission levels of the last decade were **higher than in any 10 previous decades** for each group of greenhouse gases.



Cumulative net CO₂ emissions from the last decade are about the same size as the remaining carbon budget for keeping warming to 1.5°C.



Globally, GHG emissions continued to rise across all sectors and subsectors, **most rapidly in transport and industry.**

Additional information

- Global GHG emissions continue to rise, despite a steep drop in CO₂ emissions from fossil fuel and industry during the COVID-19 pandemic.
- Cumulative net CO₂ emissions since 1850 are increasing at an accelerating rate; 62% of the total cumulative CO₂ emissions from 1850 to 2019 have occurred since 1970.
- The latest nationally determined contributions (NDCs) to decarbonization made at the 2021 United Nations Climate Change Conference of the Parties (COP26) still fall short of the 1.5°C goal set out in the Paris Climate Agreement
- Global temperature rise above 1.5°C is more likely to trigger six global tipping points, making responding to climate change much harder. An increase beyond 2°C risks crossing all 16 tipping points and affecting the life-supporting systems of the planet.
- Oxfam’s inequality report notes rich countries are responsible for an estimated 92% of all excess historic emissions, and the world’s wealthiest 1% create double the carbon emissions of the bottom 50%.
- The impacts of climate change are already being felt widely, with recent extreme heat, fires, floods and storms in countries and regions across the globe.

Things to consider



Climate change is a global issue that goes beyond national borders. All countries depend on an effective global response for their future survival and prosperity.

- The current trajectory is expected to steer the world towards a 2.4°C warming.
- 1.8°C is the most optimistic scenario of global warming after COP26, falling short of the 1.5°C goal set out in the Paris climate agreement.
- Without stronger action, global capacity to mitigate and adapt will be diminished, eventually leading to a “too little, too late” situation.
- Governments around the world are going to need to balance the needs of populations dependent on carbon-intensive industries with international commitments.
- While COVID-19 lockdowns saw a global dip in GHG emissions, upward trajectories soon resumed: the GHG emission rate rose faster in 2020 than the average over the last decade.

Long term outlook or questions

- Rapid global decarbonisation would likely increase economic and societal disruption in the short term. However, a slower pace with fewer short-term impacts would likely entail much larger costs and greater disruption in the long-term.
- **The global transition to net zero could be as transformative for economies and societies as past industrial revolutions.**
- Failure to take climate action and increasing extreme weather events will likely lead to involuntary migration, livelihood crises, food insecurity and social cohesion erosion.
- By 2050, 68% of humanity will live in cities, resulting in higher energy consumption, more infrastructure needs and increased carbon emissions.



National Picture

ECONOMIC OUTLOOK

Highlights

New Zealand has so far avoided an economic recession, with a **1.7% quarterly increase in GDP to June 2022**. However other economic indicators point towards a challenging economic outlook.

Inflation in New Zealand rose to a multi-decade high of

7.3%
in the June 2022 quarter.

The Official Cash Rate continues to rise due to increasing inflation. **The Reserve Bank increased the OCR to 3.5% in October 2022**

The Reserve Bank is forecasting the OCR to peak at **4.1%** by mid-2024 (RBNZ).

The unemployment rate was **3.3%** at the end of the June 2022 quarter.

In the year to the March 2022 quarter, private sector wages **increased by 3.1% over the year while public sector wages increased by 2.7%**.

The construction industry has seen significant cost increases over the last 24 months, due to increasing labour and material costs.

There has been the biggest drop in house prices over the last six months since records began in 1992. **National median house price is now \$800,000**.

Additional information

- Current levels of inflation are being driven by a very tight labour market, persisting global supply chain challenges and rising global energy prices.
- Wage growth is strengthening, driven by record low unemployment, but is still falling short of inflation. Wage inflation is at its highest level since the March 2009 quarter.
- While public sector wage growth continues to lag behind that of the private sector (Labour Cost Index (LCI), StatsNZ) it's likely that there will be continuing impacts on staff retention and challenges when trying to attract talent into the public sector.
**The LCI adjusts for changes in employment quality. Therefore, employees receiving promotions or moving to different roles do not affect this measure of wage inflation. (SNZ).*
- There is strong competition for talent from within the wider public sector. With government reform programmes expected to continue ramping up through to the 2023 election, it is unlikely that this demand and competition will subside in coming months.
- **Public Services Commission data shows that the total public service workforce (excluding local government) headcount increased by around 4000 between 2020 and 2021.** Over the same period the gender pay gap reduced by one percentage point from 9.6% to 8.6%.

Things to consider

- Wage increases in New Zealand are failing to keep up with inflation. Wage negotiations can take a long time – we may see more industrial action than normal.
- Talent attraction, retention and addressing skills shortages needs to be a priority. Talent attraction and retention will continue to be a challenge with competition from around the country and abroad, particularly while unemployment rates are at their lowest in decades.
- Consumer confidence has fallen to a record low not seen since the survey began in 1988, an indication that households are under numerous mounting financial pressures.
- Commentators are warning that households across New Zealand may face a livelihood crisis as they face increasing pressure and competing priorities with the rising cost of living.
- A livelihood crisis is likely to have impacts beyond the obvious financial ones, particularly on quality of life.

- Projections from Westpac signal that they expect to see net migration return to modestly positive in the year ahead, settling at around 25,000 people a year over the longer term.
- The government's migration policy 'reset' is likely to be a complicating factor in our return to pre-COVID migration numbers, with a clear focus being put on less reliance on migrant labour than we saw in the years before COVID-19.
- Infometrics' Infrastructure Pipeline Profile is projecting that network infrastructure spending over the next decade may increase by 56% compared to the last decade, driven largely by maintenance and upgrades of local network.
- This is likely to lead to increased competition in an environment where resources (materials and labour resourcing) are already under significant pressure.
- Roading is expected to dominate network infrastructure spending, accounting for around 44% of spending on infrastructure. Water, stormwater and waste are expected to account for around 19% of spending.
- In total spending terms, electricity generation, airports, rail, and water infrastructure are expected to receive more than double the investment we've seen over the prior decade.
- Suppliers are limiting their risk and exposure to a volatile market by providing pricing with very short-term validity. This increases our risk of project costs escalating over the lifetime of a project.

Long term outlook or questions

- The latest NZIER Consensus Forecasts project a downward trend in the economic growth outlook over coming years. This is a sentiment that is being echoed by a range of economic commentators and experts.
- Generally, predictions indicate that we should expect weaker activity across most sectors from 2023.
- Annual GDP growth is expected to fall to below 2% for the year to March 2024 before recovering slightly in the subsequent year (NZIER).
- The Reserve Bank has indicated that the current economic outlook means that higher interest rates will be needed over the coming years.
- Despite government intervention and support, households are still feeling the pinch of the current economic conditions. Record low consumer confidence indicates that households are expecting tough times ahead and are likely to adjust their spending accordingly.



National Picture

GEOPOLITICAL LANDSCAPE

Highlights



Dairy remains our largest export good (almost \$18 billion in 2021). The Global Dairy Trade price index is now at the highest level since April 2013.



New Zealand exported a total of **\$23.35 billion** of goods and services, and imported **\$24.37 billion** in the June 2022 quarter. This resulted in a trade deficit of **-\$1.01 billion** and a total trade value of **\$47.72 billion**.

International trade makes up around **60%** of New Zealand's total economic activity.

China is our largest source of imports, at nearly **\$17 billion** (year to December 2021).

Two-way trade rose 8% to \$163.6 billion in 2021 – \$77.2 billion in exports and \$85.4 billion in imports.

There were more than 21,000 fee paying students from China studying in New Zealand in 2020, the largest source of students, followed by India, Japan and Korea.

New Zealand exports worth of goods to China a year (year to December 2021), more than double that of our next biggest export market, Australia. **\$20 billion**

Things to consider

- In common with many other organisations, the Council is experiencing significant cost escalation, supply chain issues, labour shortages and increasing inflation, in part due to the current situation in eastern Europe. This is already having an impact on our capital programme.
- Our large capital projects rely on a range of materials produced both locally and internationally. There are likely to be ongoing impacts on the price of commodities.
- In recent meetings, New Zealand reiterated its concerns regarding the China-Solomon Island Security Agreement, and the importance of open democracy, human rights and international rules and norms was emphasized.
- Tensions in the South China Sea, a major shipping route, may exacerbate supply chain issues.
- We may see a shift in the Commonwealth environment with the recent passing of Queen Elizabeth II and the ascension of King Charles III.
- We may see a push in New Zealand to explore the option of becoming a republic.

Long term outlook or questions

- It is likely that geopolitical tension will have ongoing impacts on New Zealand into the foreseeable future.
- The impacts are most likely to be economic, as trade is disrupted, and the supply chain continues to encounter challenges. There will likely be increased competition for trade commodities, particularly in the energy and food markets.
- Cyber-attacks could disable businesses, infrastructure and facilities, or hold the community, businesses, residents or the Council to ransom.
- Increased global demand for fresh water could increase interest in our water resources.
- New Zealand is seen as a safe haven which could mean an increase in migrants and refugees coming here.
- Responding to our changing climate is going to require innovative and creative solutions. This may bring new economic opportunities and foster further development of new and emerging industries.

Additional information

- New Zealand has one of the most open market economies in the world. It is in our interests that there is regional and global stability, and that we have access to a range of global markets.
- Trade is critical to New Zealand's economy. We can only pay for the goods and services we import from overseas by selling exports to other countries.
- At the moment, international trade (exports and imports) makes up around 60% of New Zealand's total economic activity.
- Disruptions to global supply chains have become worse in recent months, leading to more costly imports as a result of Russia's invasion of Ukraine. The cost of a range of global commodities has risen, especially fuel and food.
- The invasion of Ukraine is causing volatility in global energy markets. In March the New Zealand Government announced a cut to excise duties and road user charges by 25 cents per litre to help alleviate rising fuel costs. This will remain in place until at least January 2023.
- The most significant impacts on New Zealand of the invasion will be indirect, primarily through higher fuel and commodity prices, financial market volatility, and the potential drag on global economic activity.
- An extended invasion is likely to have implications for global economic growth, which could potentially affect medium-term prospects for New Zealand.
- Russia was New Zealand's 32nd largest export partner in 2021, with goods exports totaling \$240 million (0.4% of New Zealand's total). Dairy exports (mostly butter) made up almost half of these, with apples, seafood, wine, and medical equipment the only other exports of any significance.
- Trade with Ukraine is negligible, with exports totaling \$24 million (mainly seafood and dairy).
- New Zealand and China have a long-standing relationship, with thousands of students and tourists travelling between the countries, the New Zealand-China Free Trade Agreement, and political leaders meeting regularly.



National Picture

IMPACTS OF COVID-19

Highlights



The tight labour market is contributing to record high levels of inflation, both in New Zealand and globally.

Globally, supply chains remain under pressure, causing challenges with importing capital goods into New Zealand and manufacturing inputs.



99% of New Zealand's imports and exports travel along global shipping routes to reach consumers. The remaining 1% travel by air.

New Zealand and Australia freight rates from China have tripled since early 2020. While they have recently eased from their peaks, they remain well above pre-COVID levels.

Border closures have contributed to the lowest unemployment rate on record: 3.3% at the end of the June 2022 quarter.

Migrant arrivals were down 17% in the year to May 2022. There was an annual net migration loss of 10,700 people in the year to May 2022.



Additional information

Our economy recovered quickly from the COVID-19 shock due to effective virus containment measures and Government action to protect jobs and incomes.

We are now experiencing challenges related to this quick recovery, including record low unemployment, a tight labour market due to borders being closed for two years and rising living costs (including housing costs).

There are likely to be ongoing challenges with our supply chain, and while things are beginning to look up, it is unlikely that we will see significant improvements before the end of the year and into 2023.

Supply chain

Supply chain disruptions have become a major challenge for the global economy since the start of the COVID-19 pandemic. www.mfat.govt.nz/en/trade/mfat-market-reports/market-reports-global/mfat-monitoring-global-supply-chains-apriljune-2022

New Zealand has been particularly impacted by supply chain challenges because we import a large proportion of our capital goods (such as vehicles and machinery), as well as non-food related manufacturing inputs and consumer retail goods.

While global supply chain pressure is beginning to ease, it may take longer for us to see similar patterns in New Zealand. Aircraft capacity in and out of the country remains limited (both due to demand and staff availability), but this should ease with the recent opening of the border. However, the high cost of crude oil will continue to impact the cost of movement of goods.

The Ministry of Transport is signaling that we are unlikely to see a return to the pre-COVID-19 operating environment, which will result in ongoing vulnerabilities in our freight and supply chain system.

Things to consider

- It remains unclear how long we can expect supply chain and labour market issues to continue for.
- Central government has lifted its infrastructure investment over the next four years from \$57.3 billion to \$61.9 billion. This is likely to put further pressure on resources that are already scarce, including materials and labour, and increase competition for the resources that are available.
- There is ongoing concern about the “brain drain” that has already been seen internationally as countries compete for talent, particularly in sectors where there are skills shortages.
- Research undertaken by the Broadcasting Standards Authority has highlighted that there is growing public concern about the overspread of misinformation.
- Social media has overtaken free-to-air TV as the country's most-consumed media. The social media environment tends to be less regulated with less obligation to verify sources and information before it's broadcast.
- Some aspects of our COVID-19 response have brought about increased mistrust of and dissatisfaction with authority and officials from some groups and communities.

There are suggestions that New Zealand importers and businesses are moving away from the philosophy of just-in-time towards a new model known as ‘just-in-case’, increasing inventory footprints, placing larger and less frequent shipments, and running more conservative forecasting with tighter demand planning.

There is a risk that this will continue in both the short and medium term, leading to more permanent supply chain challenges.

Labour market

Border closures in New Zealand have had significant impacts on the labour force, in particular the available pool of in-country labour.

As a result our unemployment rate is at just 3.3% at the end of the June 2022 quarter. This has led to a highly competitive labour market, where employers are struggling to attract and secure talent.

Construction sector

Throughout the COVID-19 pandemic, infrastructure investment has been relied on to deliver economic stimulus.

In 2021 construction activity increased by 7% to \$50.9 billion. Residential buildings contributed 60% of total construction activity in 2021.

The national construction pipeline report signals that residential construction activity will likely decrease over the next 10 years, reaching a low of around \$19 billion in 2027.

Non-residential activity is expected to reach a high of around \$11 billion in 2023, and then steadily fall away through to 2027 (end of the forecast period).

Long term outlook or questions

- There is a risk of new COVID strains and future pandemics and uncertainty around how New Zealand will respond to emerging new threats and disruptions.
- New Zealand went ‘hard and early’ in our initial response and was highly successful in limiting the spread while vaccines were developed, and more was learnt about the virus. This approach may not be as viable or publicly palatable in the future.



National Picture

OUR CHANGING CLIMATE



Highlights



Over the past **100 years** our climate has warmed by **1.1°C**

Annual temperatures were above average for much of New Zealand in 2021. (+0.51°C to +1.20°C above the annual average).

Gross emissions in New Zealand have increased by **20%** since 1990.

Sea levels have been steadily rising in New Zealand. Tracking indicates the rate has increased to around 3mm per year.

Reduced-emission vehicles now make up 21% of passenger vehicle imports as of March 2022, up from 8% in mid-2020 (StatsNZ).

There was a 52% increase in carbon dioxide emissions between 1990–2016, mostly from the use and burning of fossil fuels.

“
Without effective reductions in emissions, sea levels are projected to rise by more than one metre by 2120.
”

Things to consider

- Now more than ever we need evidence-based decision making and science-based solutions to reduce emissions and adapt to our changing climate*
Dr Andrew Tait, Chief Scientist, Climate, Atmosphere and Hazards
- In 2020 the Government declared a climate emergency, committing to urgent action to reduce emissions.
- In 2022 the government released its first Emissions Reduction Plan for New Zealand. This plan has specific roles for local government.
- New Zealand has made global commitments to do our bit in responding to climate change. The Paris Agreement took effect in 2020, committing us to reduce greenhouse gas emissions based on our Nationally Determined

Contribution (NDC). New Zealand's NDC is to reduce greenhouse gas emissions by 30% below 2005 levels by 2030.

- At COP26 New Zealand signed up to a number of declarations, initiatives, pledges and statements relating to our response to climate change.
- Our changing climate will have varying impacts on regions across New Zealand.
- Communities are likely to face new challenges in the face of more frequent extreme weather events and natural hazards.
- Some groups and communities may be disproportionately affected by climate change, such as youth, low-income households and Māori.

Additional information

Climate change is one of the greatest threats to New Zealand's security, prosperity, and ultimately wellbeing.

Nationally, our climate change work programme focuses on reducing greenhouse gas emissions and adapting to a changing climate.

The Climate Change Response Act 2022 puts in place a legal framework to enable New Zealand to meet its international obligations under the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the Paris Agreement.

Climate change will increase the severity and frequency of the natural hazards that we experience in New Zealand including flooding, heatwaves, drought and wildfire.

Our changing climate poses complex challenges. Changing the way we do things

so that our people, natural environment, built places and systems are resilient and can adapt is going to be an enormous task and challenge.

No two communities will experience climate change in the same way, and climate change may exacerbate current inequities as well as create new ones.

Some groups and communities may be disproportionately affected by financial impacts or the lack of resources to adapt.

There are three key goals that underpin Aotearoa New Zealand's adaptation strategy:

- Reduce vulnerability to the impacts of climate change.
- Enhance adaptive capacity and consider climate change in all decisions at all levels.
- Strengthen resilience.

Long term outlook or questions

- If we don't do enough to reduce our greenhouse gas emissions, we're likely to see more severe and more frequent extreme weather events and related natural hazards.
- Higher temperatures will change our weather patterns and physical environment and weather patterns, presenting new and greater risks to the wellbeing of people and communities, their homes, our infrastructure, our natural environment and the economy.
- We may see growing inequity in some communities as we look at responding to and mitigating the impacts of climate change.
- In the case of growing inequity as a result of our response to climate change, it is likely we would see further erosion of social cohesion and increased discontent in some communities across the country.



Central Government **REFORM AND POLICY PROGRAMME**

The 2023 General Election may result in a new government, and/or a minority government dependent on confidence-and-supply agreements with other parties. It is uncertain what this might mean for most of the current reform programme and the impacts any change in government might have on that programme.

Is there potential for more unanticipated reforms that the Council may not have planned for or have the current resourcing for? As an organisation we need to be ready, agile, strategic and responsive, including the ability to revise our Long Term Planning accordingly.

Most of the reforms are outside of our control. This has already caused tensions within our existing partnerships, as well as discontent and uncertainty within our communities.



National Picture

THREE WATERS

Highlights

The Government has proposed a reform to how drinking water, wastewater, and stormwater services are provided.

By July 2024, the Government intends to establish four publicly owned water services entities across New Zealand. Christchurch will join the Southern Water Services Entity.

Although we recognise there is a need for change, we have expressed serious concerns over the proposed reform.

Additional information

The South Island entity comprises the Ngāi Tahu takiwā, the tribal boundary that covers most of the South Island (population of around 850,000).

In 2021, we sought community views on the three waters services to help identify what is important to our communities. We received around 5100 responses. While most agree with the reform's proposed outcomes, they feel that water services and assets should remain under local authority control.

In 2021, we responded to the Government's water reform proposal. In our feedback we said:

- The Government had presented a strong case for increased investment in the delivery of drinking water and wastewater services (two waters) across New Zealand.
- There had been little visibility of, and no ability to provide feedback on, the short-list options to achieve such a change – the Government had only moved forward with its preferred option.
- We believed there were alternative options that should be given the same level of consideration, and an opportunity should be provided for local authorities to evaluate these alongside the Government's preferred entities approach.
- We recommended a pause and a reset in the Three Waters Reform Programme, in order to properly explore other options to achieve the Government's objectives.

Our full response can be found here - [www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-individual-local-government-submissions/\\$file/christchurch-city-council.pdf](http://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-individual-local-government-submissions/$file/christchurch-city-council.pdf).

Things to consider

- The Government will have a wide range of powers to control the entities, and the transition powers are very broad.
- This issue has already had impacts on our partnerships. In September 2022, the Council withdrew from C4LD (a local government action group originally made up of 31 councils opposed to the proposed model) as our involvement was putting our relationship with Ngāi Tahu and papatipu rūnanga at risk. Waimakariri district remains a member. Selwyn district chose not to join.

Long term outlook or questions

- This is a highly contentious issue both locally and nationally. The New Zealand National Party has already pledged to repeal Three Waters if elected in 2023, so there is some uncertainty around its future.
- There is concern about the alignment with this bill and other reforms and other legislation (particularly the Resource Management Act and the spatial strategies). This is likely to be ongoing, even beyond the transition and handover period.
- The government is undertaking a significant reform programme, which raises questions as to whether it's sustainable and whether it will be managed in an effective way. There's a risk that some reforms may be rushed through, or proceed and have unintended consequences.
- What will our delivery model look like beyond 2023 when we no longer have control of our water assets? Any negative issues that may arise could impact on resident trust and satisfaction with the Council, despite being out of our control.
- How will this impact on our rates revenue and assets, and what will happen regarding chlorine in the city's water?
- Three waters reform will have significant impacts on our capital programme, and on the financial projections and debt profile in the LTP.



FUTURE FOR LOCAL GOVERNMENT

The Local Government Minister has established an independent review panel to look at the broad picture of local governance in Aotearoa New Zealand – in particular, what local government does and how it does it.

The review is considering:

- The functions, roles, and structures of local government.
- Relationships between local government, central government, iwi, Māori, businesses, communities and other organisations.
- Necessary changes for local government to most effectively reflect and respond to their communities.
- The embodiment of Te Tiriti o Waitangi.
- Funding arrangements for local government.

Additional Information

In June 2022, we made a submission to the Future for Local Government Independent Panel. The key points were as follows:

1. This review must be about the future of government in New Zealand. It cannot simply be about local government, local governance or local democracy.
2. A more integrated wellbeing approach is already being embedded across the public sector and stands at the heart of local government work. Local Government's contribution needs to be better understood and integrated with national systems and services.
3. This review needs to acknowledge and build on local government strengths and address the constraints we face.
4. Local government needs to continue to build relationships with mana whenua while the Crown must clarify local government's role in the Treaty partnership.
5. It's time to completely re-think local authority funding and financing.
6. Special attention also needs to be paid to the role of cities.

The full submission can be found here - www.ccc.govt.nz/assets/Documents/The-Council/Request-information/2022/Christchurch-City-Council-submission-to-the-Future-for-Local-Government-Independent-Panel.pdf.

Long term outlook or questions

- The impacts of climate change, relationships between local government, iwi, hapū and Māori, and reforms of resource management, water infrastructure, health and education will all have implications for local governance in the future.
- The role, structure and function of our Council may change vastly.
- Amalgamation with Selwyn and Waimakariri districts to form a 'super city' is a potential future possibility.



RESOURCE MANAGEMENT AMENDMENT ACT

(Enabling Housing Supply and Other Matters)

The purpose of this Act is to accelerate the supply of housing in our main urban areas by permitting intensification in residential zones.

It requires medium density residential standards (MDRS) for specified urban areas, to enable a wider variety of housing choice.

Things to consider

- In September 2022 the Council voted not to notify the district plan changes to give effect to the Resource Management Amendment Act.
- The Mayor wrote to the Minister for the Environment asking for a bespoke approach to housing intensification provisions in Christchurch.

Additional information

The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act passed into law on 20 December 2021.

We must include the MDRS in our District Plan from August 2022 and will take immediate legal effect.

The Act also introduces a new streamlined planning process to support intensification and will enable the intensification outcomes of the NPS-UD to be achieved at least a year earlier than they would have otherwise been.

The MDRS enable much more intensive development of sites than we have in most zones in the past.

Sites can now be developed with up to three units per site, with a maximum height of 11m + 1m for a pitched roof. Recession planes have been significantly reduced (4m + 60° recession plane), and buildings can cover a maximum of 50% of the net site area.

The Act also introduces a new planning process which supports councils in implementing the intensification policies from the NPS-UD.

The new process is called the Intensification Streamlined Planning Process (ISPP) and is based on the existing streamlined process under the RMA but is intended to be faster and easier and cost less over the medium/long term.

The Ministry for the Environment has developed a national medium density design guide following engagement with councils, iwi and Māori organisations, and other industry stakeholders. The intention is to encourage high-quality, well-functioning developments permitted under the MDRS.

Long term outlook or questions

- It is not yet clear what impact this act will have on our city's built form, which areas will attract more intensification, and the type (e.g. attached or detached townhouse, apartment) of development we will see in these areas.
- The type of development is likely to have a significant impact on the overall population, and on the population in certain areas of the city. What will be required to support the levels of growth that we will likely see?



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT

The National Policy Statement on Urban Development 2020 (NPS-UD) removes overly restrictive barriers to development to allow growth 'up' and 'out' in locations that have good access to existing services, public transport networks and infrastructure.

Additional information

It is a national direction that sets out objectives and policies for urban development under the Resource Management Act 1991. Councils must give effect to these objectives and policies.

Major policies in the NPS-UD relate to:

- Intensification – greater height and density allowed.
- Car parking – removal of certain requirements.
- Responsiveness – councils must consider private plan changes, even if unanticipated or out-of-sequence with planned land release.
- Wider outcomes – greater consideration to ensuring cities work for all.
- Strategic planning – collaborative approach between councils.
- Evidence and engagement, particularly with Māori.

Things to consider

- Christchurch is a 'tier 1' local authority, meaning it's subject to the most directive policies, particularly regarding intensification.
- Concern that the scale of some developments will negatively impact neighbourhoods, and property owners will be powerless to prevent loss of privacy/amenity/sun etc.
- Central government policy requires us to provide more plan enabled (zoned) and serviced capacity than we're going to need to provide for our projected growth. This is known as a competitiveness margin.
- The National Policy Statement on Urban Development requires that councils provide for a competitiveness margin of 20% in the short and medium terms and 15% in the long term.

Long term outlook or questions

- How effective will this be in reducing land prices and creating more affordable housing?
- Is there potential for inconsistent outcomes to what is outlined in Our Space 2018–2048, which identified preferred locations and staging for housing growth? Unanticipated growth in neighbouring districts may place unforeseen pressure on our infrastructure.



NATIONAL POLICY STATEMENT FOR HIGHLY PRODUCTIVE LAND

The Government is proposing a National Policy Statement for Highly Productive Land to improve the way highly productive land is managed under the Resource Management Act 1991.

Highly productive land provides significant economic and employment benefits to communities and underpins the value of New Zealand's primary sector.

Additional information

The overall purpose of the proposed policy is to:

- Recognise the full range of values and benefits associated with its use for primary production.
- Maintain its availability for primary production for future generations.
- Protect it from inappropriate subdivision, use and development.

The proposed policy will require us to consider the availability of highly productive land within our district and region for primary production now and for future generations.

The policy will come into effect from 17 October 2022.

Things to consider

Two main pressures facing highly productive land, as identified by Our Land 2018 report, are:

- The expansion of urban areas, and the accompanying loss of productive land.
- The change of land-use on the fringes of urban areas, in particular the increase of lifestyle blocks.

We made a submission on the National Policy Statement for Highly Productive Land in 2019, seeking the following changes:

- Clearly identify what is to be protected and why.
- Clearly identify what it is to be protected from and to what degree, through clear policy direction.
- Ensure consistency with other National Policy Statements, particularly the NPS - Urban Development.



NATIONAL POLICY STATEMENT FOR FRESHWATER MANAGEMENT

The National Policy Statement for Freshwater 2020 provides local authorities with updated direction on how freshwater should be managed under the Resource Management Act 1991.

Additional information

The main objectives of the policy are to prioritise:

- The health and well-being of water bodies and freshwater ecosystems.
- The health needs of people.
- The ability of people and communities to provide for their social, economic, and cultural well-being now and in the future.

Its fundamental concept is Te Mana o te Wai, highlighting the importance of water, recognising that protecting freshwater also protects the health and wellbeing of the wider environment.

Things to consider

- Under British common law, naturally flowing freshwater is not owned by anyone, but is treated as a public good. This is still the legal position in New Zealand today.
- There is an unresolved issue as to Māori rights to freshwater. The Waitangi Tribunal Stage 2 Report on the National Freshwater and Geothermal Resources Claims in 2019 concluded that the RMA was in breach of Te Tiriti because the Crown had refused to recognise Māori proprietary rights during the development of the Act. As a result, a number of the features of the RMA relating to freshwater are in breach of Te Tiriti.
- The Tribunal made a number of recommendations for reform of the RMA and the freshwater management system more broadly, in particular relating to co-governance and co-management.
- Environment Canterbury is responsible for managing the region's water and our Canterbury Water Management Strategy (CWMS) provides a collaborative framework to help manage the multiple demands on this precious resource.

Long term outlook or questions

- Christchurch drinking water is mainly drawn from aquifers deep underground. Long term management of this resource will be critical to ensuring an ongoing supply of healthy drinking water for the city.



National Picture

NEW ZEALAND COASTAL POLICY STATEMENT

The New Zealand Coastal Policy Statement 2010 guides local authorities in their day-to-day management of the coastal environment.

The policy deals with the identification of coastal hazards, natural defences against coastal hazards, subdivision use and development in areas of coastal hazard risk, and strategies to protect significant existing developments from coastal hazard risk.





PROPOSED NATIONAL POLICY STATEMENT FOR INDIGENOUS BIODIVERSITY

The proposed National Policy Statement on Indigenous Biodiversity (NPSIB) is a policy being developed to guide councils on how to protect, maintain and restore nature in their regions. Up until now it has been up to each council on how to do this.

Additional information

The NPSIB will standardise the criteria and policies that apply to Significant Natural Areas, ensure equity, and reduce expensive consenting costs.

Our submission on the policy noted the following key points:

- Funding support from central government will be critical to implementing the policy.
- Landowners will require assistance and incentives.
- While the impacts of new activities are well managed, it is unclear how the impacts from existing and ongoing activities will be addressed.

Things to consider

- Environment Canterbury will work with us, relevant agencies and tangata whenua to develop a monitoring plan for indigenous biodiversity in our region.



Stats, facts and figures about Christchurch

POPULATION

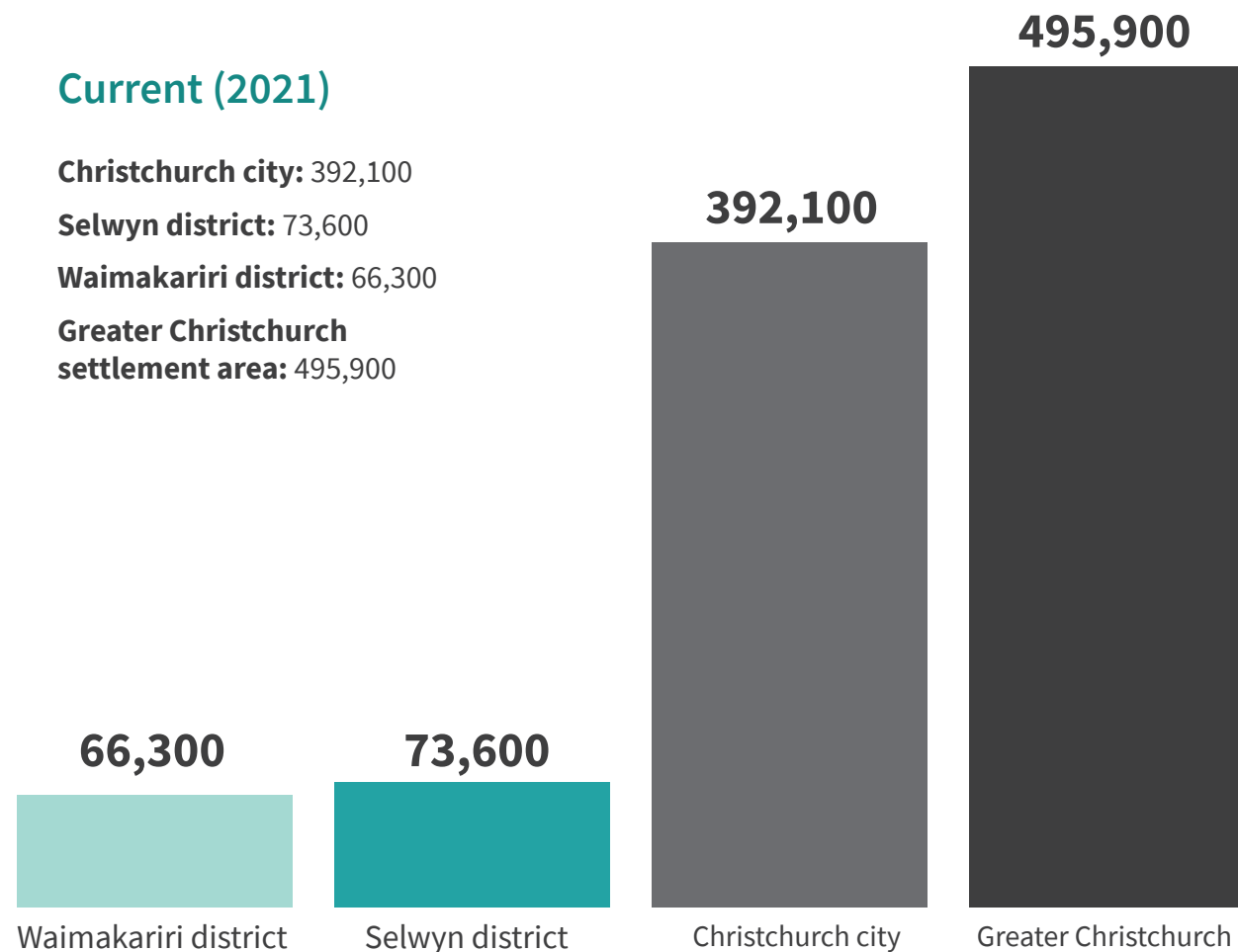
Current (2021)

Christchurch city: 392,100

Selwyn district: 73,600

Waimakariri district: 66,300

Greater Christchurch
settlement area: 495,900



Christchurch city's population
has increased by

2%
(or 8300 residents)
since 2018.

The Greater Christchurch
settlement area has
increased by

5%
(or 22,000 residents)
since 2018.

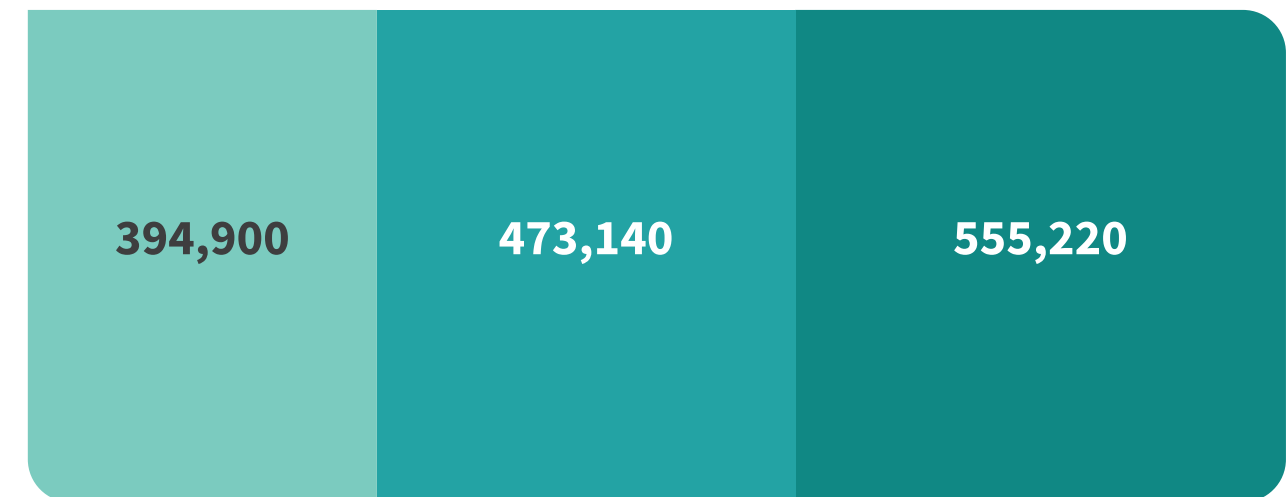
Future

Christchurch growth 2018–2054

2054 low projection: 394,900 (+11,100)

2054 medium projection: 473,140 (+89,340)

2054 high projection: 555,220 (+171,420)



Historically Christchurch has tracked with the medium projections.

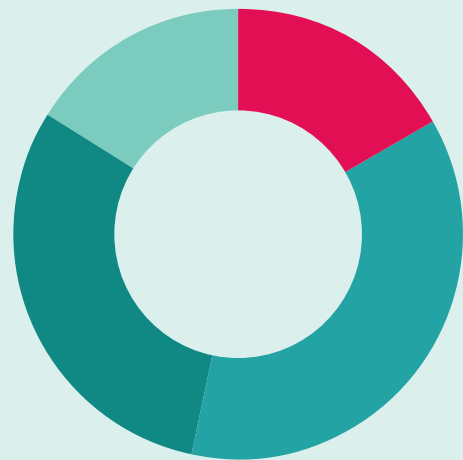
The latest subnational household projections indicate that there will be less household growth than previously projected.



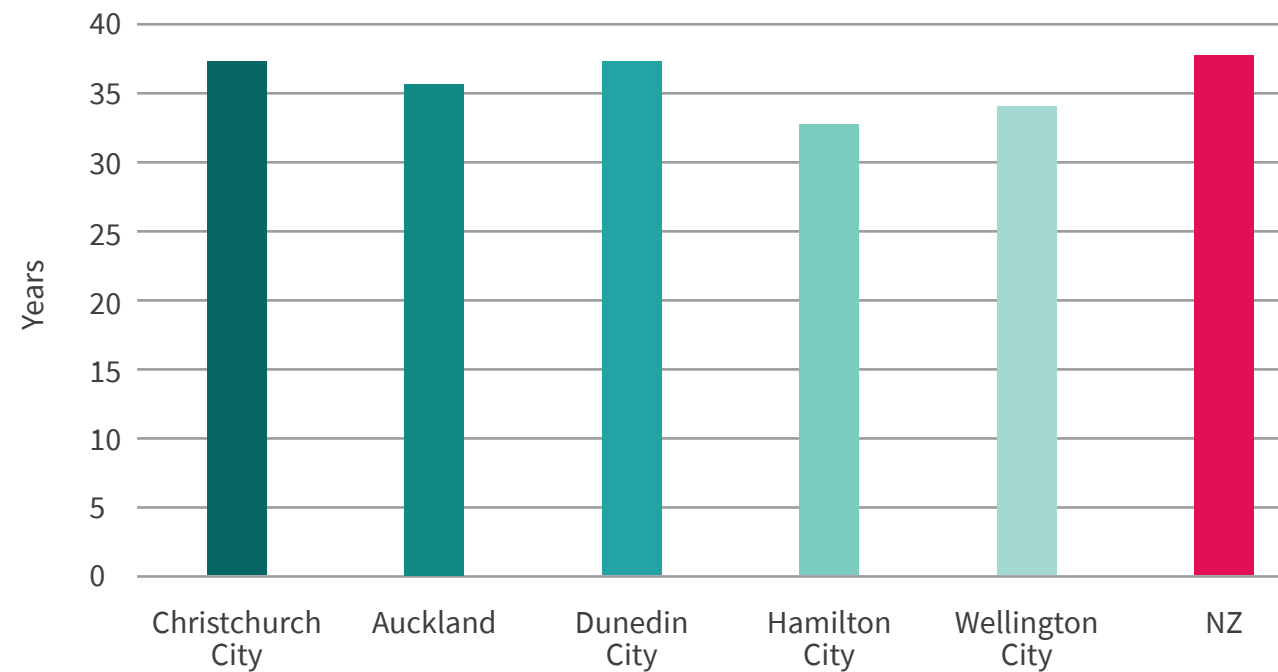
AGE (2021)

Median age: 37.3 years

- 0-14 years: 17% (65,300)
- 15-39 years: 37% (145,200)
- 40-64 years: 31% (120,500)
- 65 years and over: 16% (61,200)



Median Age



The number of residents aged 65 years and over has increased by 8% since 2018. We have identified the need to undertake more analysis on our ageing population.

The number of residents aged 14 years and under has increased by 0.3% since 2018.

Comparison to NZ cities

Along with Dunedin, Christchurch has the highest median age (37.3 years) out of the main cities, which is similar to the national median (37.7 years). Hamilton has the lowest at 32.7 years.

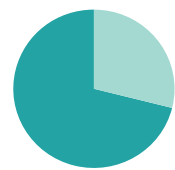
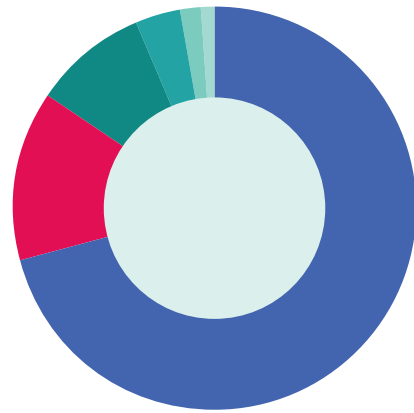
We have a slightly higher proportion of working age people than the national average (68% compared with 65%). Wellington has the highest proportion of working age people at 74%, and it also has the lowest proportion of over 65s (11%). 16% of Christchurch's population is older than 65 years, the same as the national proportion and the second highest of the main centres, after Dunedin.



CULTURAL DIVERSITY

Ethnicity breakdowns (2018)

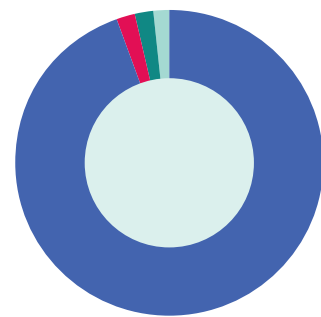
- European:** 78% (287,300)
- Asian:** 15% (55,000)
- Māori:** 10% (36,600)
- Pacific Peoples:** 4% (14,200)
- Middle Eastern, Latin American and African (MELAA):** 2% (5600)
- Other ethnicity:** 1% (5000)



Of the residents who indicated they have Māori descent, **29% (12,400) have Ngāi Tahu affiliation.**

Languages spoken (2018, top 4)

- English:** 96% (353,800)
- Māori:** 2.1% (7800)
- Northern Chinese:** 1.9% (7200)
- Tagalog:** 1.5% (5500)



Languages: Other top categories were:

- Other:** 7% (26,700)
- None:** 2% (7700) (e.g. too young to talk)
- NZ Sign Language:** 0.6% (2200)



Comparison to New Zealand cities

Generally we are less ethnically diverse than Auckland, Hamilton and Wellington. We have lower proportions of Pacific Peoples, Asian and MELAA than these three cities.

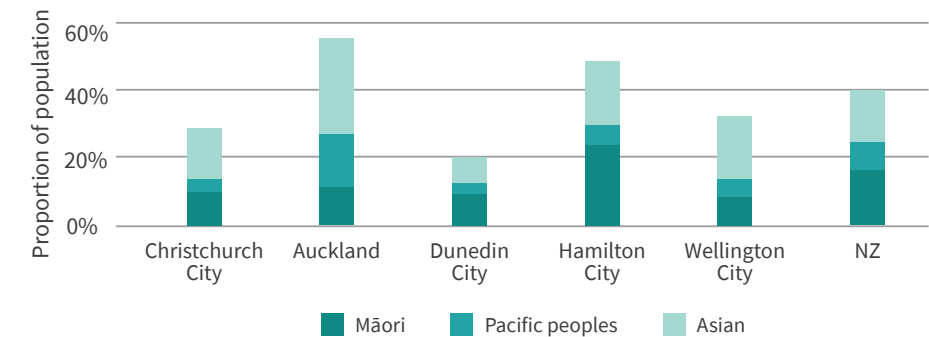
We have a similar proportion of Māori residents (around 10%) as the other big cities except for Hamilton (24%) but remain lower than the national proportion (17%).

We are more ethnically diverse than Dunedin, which has the highest proportion of European residents of the main cities

% Māori



Proportion of population identifying with selected ethnic groups*
*respondents can identify with more than one ethnic group



Religious affiliation (2018)

43% (158,300) of the Christchurch population affiliate with at least one religion

85% of these identify as Christian

The most common denomination of Christians in the city is

- Catholicism (26%)**
- Anglican (18%)**
- Presbyterian (11%)**

*Religion percentages only include residents who identified with at least one religion.



OUR MĀORI POPULATION

Māori Population: 36,642

Our Māori population is growing;

7.6%
of the total
population in 2006

vs. 9.9% in 2018.

2.1%

of the Christchurch population
speak Te Reo Māori, compared
with 4% of all New Zealanders.

Māori Median Age: 24.8 years vs 37.1 for whole population

Unemployment rate for Māori: 3.5% June 2022 quarter
vs. 3.9% for whole of city (June 2022)

Quality of life for Māori (2020 QoL Survey):

46%

of Māori report their overall quality
of life being extremely good or very
good vs. 54% for the whole city.

50%

of Māori say they feel
a sense of community
with others in their
neighbourhood, in
line with the whole
city result.

Māori are slightly
more likely to feel
lonely or isolated;
52% rarely feel
lonely or isolated,
compared to 54%
for the whole city.

Māori are more likely to
feel that the public has
no influence or a small
influence on council
decision making; 70%
for Māori compared to
62% for the whole city.

Additional information



The Christchurch City district falls within the takiwā of Ngāi Tahu which extends across 80% of Te Waipounamu, the South Island.

Within the Council's administrative area there are six Papatipu Rūnanga; Te Rūnanga o Ngāi Tūāhuriri, Te Rūnanga o Hapū o Ngāti Wheke (Rāpaki), Te Rūnanga o Koukourarata, Te Rūnanga o Ōnuku, Te Rūnanga o Wairewa and Te Rūnanga o Taumutu.

27% of Ngāi Tahu Whānau members call Waitaha home. Waitaha was defined as the Canterbury regional council boundaries in 2021. This region represents nine of eighteen papatipu rūnanga.

Waitaha has a very similar age and sex profile to the national profile of Ngāi Tahu. However, the population of Waitaha do have a smaller proportion of tamariki compared to the total iwi. As with the iwi itself, Waitaha has a younger population.

Median wage growth for Ngāi Tahu members in Waitaha between 2013 and 2020 was 34%. This reflects an increase in median wages of \$11,100.

While most Ngāi Tahu members live in homes they or their family owns, Waitaha has a marginally lower rate of home ownership than the national average for Ngāi Tahu, with 61% of whānau members owning their home, compared with 63% nationally; 37% of Whānau members are renters.

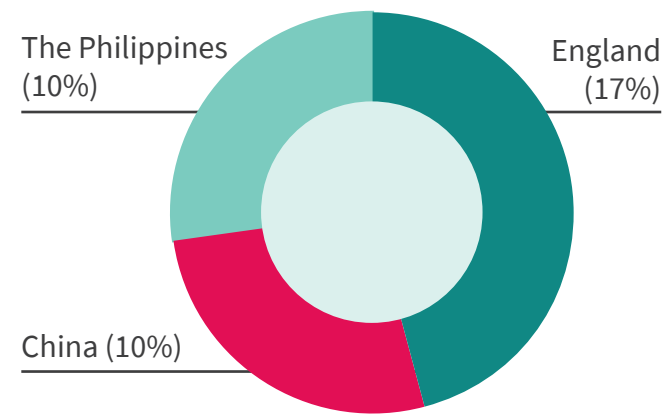
Source: State of the Ngai Tahu Nation, 2021



MIGRANTS

Birthplace:

27% of Christchurch residents were born overseas (2018), most commonly from:



Just over one quarter of our population was born overseas (27%, the same as Hamilton and the national proportion). Auckland and Wellington had higher proportions of overseas-born residents (42% and 34% respectively).

Half of overseas-born migrants living in Christchurch city had been in New Zealand for 10 years or longer. A third had been living in NZ for four years or less.

Migration has recently seen a decrease as a result of COVID-19.

Migration:

Around
3400 people
migrated from overseas to Christchurch in 2021.

Overseas born





INCOME AND DEPRIVATION

Household income (2018 Census)



\$73,900
Median household income*



19%
(or 25,100 households)
Income of \$30,000 or less



36%
(or 46,200 households)
Income of more than \$100,000

Family income (2018 Census)



\$87,600
Median family income*



10%
(or 9100 families)
Income of \$30,000 or less



42%
(or 38,000 families)
Income of \$100,000 or more

*Total before-tax income for the previous 12 months (ending March 2018).

The new Ministry of Education Equity funding model will mean that 258 schools in Canterbury/Chatham Islands will receive \$9.8 million more in equity funding.

Socio-economic deprivation index (2018)

Around 14% of our residents live in areas with the highest levels of socio-economic deprivation (deciles 9 and 10)*. These areas tend to be located towards the east of the central city, with other pockets located throughout the city.

Around 23% of Christchurch residents live in areas with low levels of socio-economic deprivation (deciles 1 and 2). These areas tend to be located in the Port Hills surrounds, the inner northwest, and in some of the newer subdivisions on the outskirts of the city.

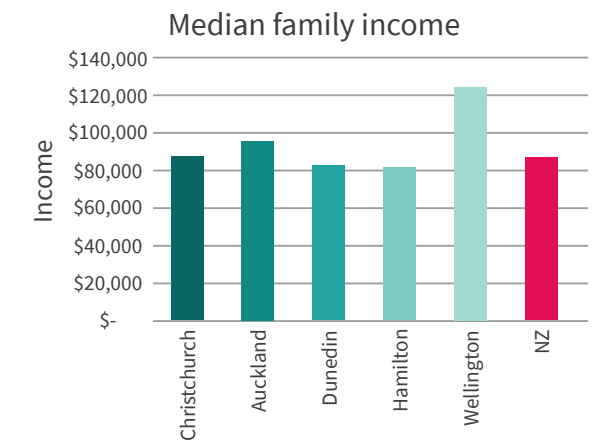
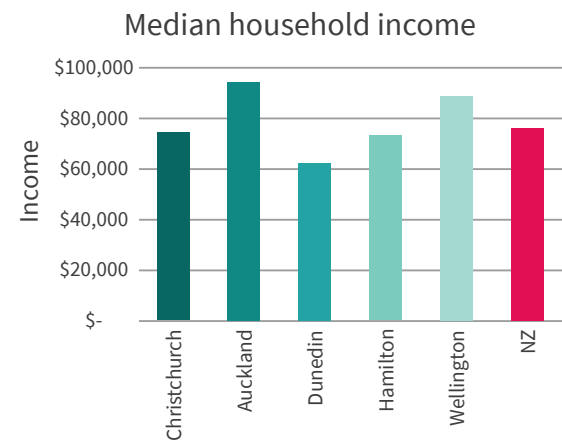
*The NZDep is an area-based measure of socioeconomic deprivation in New Zealand, based on nine Census variables. Decile 1 represents areas with the least deprived scores, while decile 10 represents areas with the most deprived scores.

Comparison to NZ cities

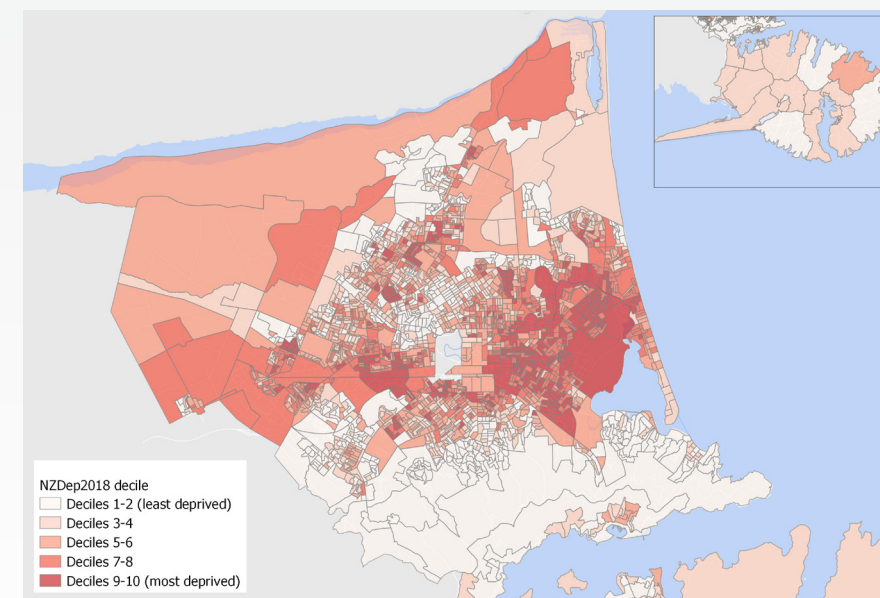
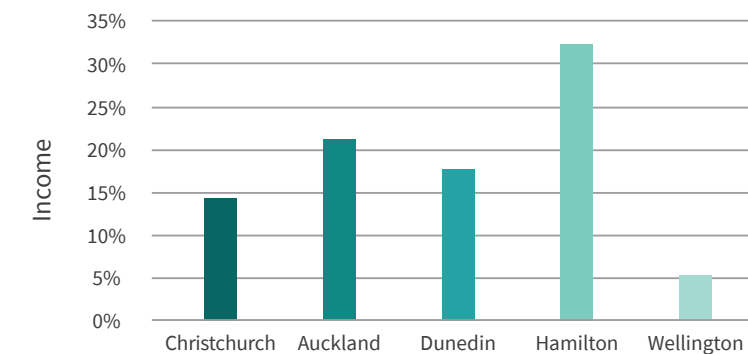
The city's 2018 median household income (\$73,900) is similar to the national median and Hamilton's, however is \$20,000 less than Auckland's and \$14,500 less than Wellington's.

Wellington's median family income is by far the highest of the main cities at \$124,200, followed by Auckland (\$96,100) and Christchurch (\$87,600).

Christchurch has a lower proportion of people living in areas with high socio-economic deprivation than all of the main centres except for Wellington.



People living in most deprived areas (quintile 5)

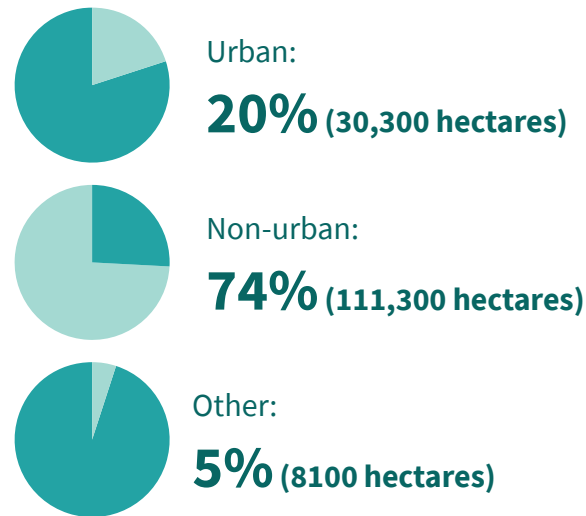


Source: NZDep2018 Index of Deprivation, University of Otago

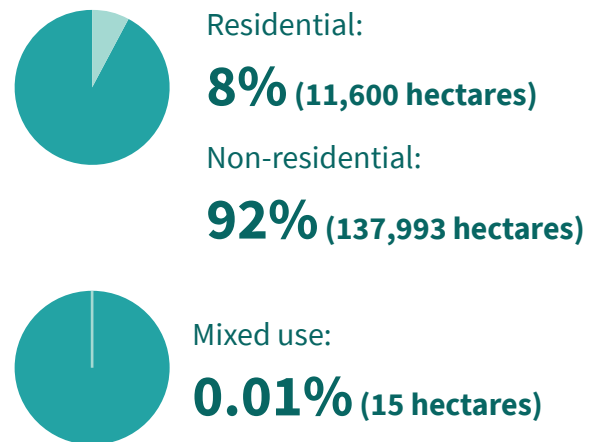


LAND AREA

Christchurch has 149,600 hectares of zoned land area
(70% located in Banks Peninsula).



Zoned land by use





WARD BREAKDOWNS

2018 Census key statistics by ward:

Ward	Population*	Age			Ethnicity**				Overseas born	Median household income
		Median age	Under 15 years	65 years and over	European	Māori	Pacific	Asian		
Banks Peninsula	8850	48.5	16%	20%	93.1%	8.3%	1.3%	3.1%	27%	\$76,500
Burwood	22,900	37.5	20%	15%	82.1%	15.5%	6.6%	6.2%	17%	\$69,200
Cashmere	25,250	42.1	19%	17%	91.3%	6.1%	1.3%	5.5%	23%	\$93,300
Central	21,200	32.1	12%	10%	66.2%	12.1%	5.1%	22.7%	37%	\$59,900
Coastal	25,700	38.9	21%	13%	90.0%	13.4%	3.5%	3.5%	18%	\$68,300
Fendalton	24,200	41.5	17%	18%	81.0%	6.4%	2.1%	15.0%	28%	\$96,800
Halswell	23,850	36.2	19%	15%	71.7%	5.8%	1.7%	24.7%	31%	\$96,700
Harewood	24,400	41.6	18%	18%	83.2%	8.3%	2.7%	11.4%	21%	\$80,600
Heathcote	24,450	41.5	16%	17%	86.5%	7.6%	2.6%	8.3%	27%	\$80,200
Hornby	23,250	36.1	17%	13%	68.4%	12.8%	5.8%	20.8%	27%	\$72,300
Innes	23,650	34.9	16%	14%	78.8%	9.9%	3.3%	14.4%	28%	\$69,600
Linwood	23,400	36.3	19%	13%	76.4%	18.3%	9.0%	8.9%	20%	\$57,400
Papanui	25,250	38.5	19%	17%	81.3%	9.6%	3.1%	12.3%	23%	\$72,800
Riccarton	24,100	28.0	11%	12%	57.7%	7.2%	3.8%	34.9%	45%	\$60,700
Christchurch	369,000	37.1	17%	15%	77.9%	9.9%	3.8%	14.9%	27%	\$73,900

*Census of usually resident population at March 2018. Any annual estimates published since the census have been adjusted for population change and include residents not counted in the census.

**Multiple response variable

Detailed ward and community board profiles can be found on the Council website: ccc.govt.nz/culture-and-community/statistics-and-facts/community-profiles



Wellbeing and resident perceptions

SOCIAL WELLBEING

Highlights

Sense of community and a city for all

- Almost 70% of respondents agreed that it was important to feel a sense of community in their neighbourhood.
- Only 50% indicated they did feel a sense of community (Quality of Life Survey [QoL] 2020).
- 27% of respondents think Christchurch is a city where all communities and people feel safe and welcome, down from 40% in 2018 (LiC, 2021).

Safety and preparedness

- Fewer Christchurch residents feel safe walking alone after dark in their neighbourhoods (61%) compared with other main centres. (QoL 2020)
- Similarly, a lower proportion of Christchurch residents (44%) report feeling unsafe in the central city after dark, compared with other main centres (QoL 2020).
- 61% of households are prepared for a natural disaster or emergency (2022 Residents Survey).

Governance and participation in decision-making

- Between 2004 and 2020, residents' confidence in the Council making decisions in the best interest of the city decreased from 58% to 30%.
- On average, just over one quarter (26%) of respondents are satisfied with their opportunities to engage with the Council and the ease of that engagement. These results are consistent with other cities (QoL 2020)
- Voter turnout for local elections saw a slight increase to 42% in 2019, up from 38% in 2016.

Volunteering

- The number of people doing unpaid work outside their home has decreased over time to 94,000 in 2018 (14% of the adult population).

Quality of life/wellbeing

- 87% rate their overall quality of life as good or extremely good. This is in line with the big cities average (QoL 2020).

Additional information

Quality of life and wellbeing detail (QoL 2020):

- 27% said their quality of life has improved compared to 12 months ago. This is higher than the big cities average at 23%.
- 72% rate their mental health good, in line with national results.
- Christchurch had the highest score for the WHO-5 Wellbeing Index out of the New Zealand cities surveyed, with 68% scoring a 13 or more.
- 38% of respondents are physically active at least five times a week, slightly up from the city total of 35%.

Things to consider

- While some residents feel safe, included and welcomed in their communities, there are others who feel disconnected and marginalised, especially but not exclusively in the east of the city.
- Low voter turnout may be an indication that our residents are feeling disconnected from Council decision-making and disenfranchised with the Council.
- Residents survey results show that the majority of residents are not satisfied with their opportunities to participate in Council decision-making.
- Globally we are seeing the erosion of social cohesion. Fostering strong, connected communities will be critical to overcoming this.
- Are we moving towards Christchurch being a city renowned for cultural vibrancy, diversity, inclusion and connection?

Long term outlook or questions

- We need to continue to enable active and connected communities to own their future.
- We need to take an approach that supports communities to undertake community-led initiatives that make their local area a better place to live and visit.
- As our population ages, social connectedness is going to become increasingly important.
- We need to remain responsive to the dynamic and often changing needs of our communities, and ensure the appropriate services are available within local communities.
- We need to prioritise Christchurch being a city where residents feel safe and welcome in their homes, neighbourhoods and across the wider city.
- We are going to need to balance providing for our growing population with maintaining the quality of life that Christchurch provides for its residents and that they value highly.
- Is residents' trust and confidence in the Council currently well understood, and what role does this have to play in improving confidence and engagement in decision making and overall satisfaction with the Council? What role do elected members have in impacting trust and confidence?



CULTURAL WELLBEING

Highlights

Māori culture

- Māori living in Canterbury are generally less likely than all Māori to understand te reo Māori or to participate in certain activities related to Māori culture (Te Kupenga 2018).

Celebrating difference

- Two thirds of respondents think that increasing numbers of people with different lifestyles and cultures from different countries make the city a better place (QoL, 2020)
- 11% of respondents had experienced discrimination in the past three months because of their ethnicity, 12% due to their gender, and 10% due to their age (QoL, 2020).
- 80–90% of respondents would be comfortable having a neighbour with a different ethnicity, religion, sexual preference, language or a disability. Around half would be comfortable living next to someone with a mental illness (GSS, 2016).

Heritage and the arts

- 40% of respondents agree that our heritage and taonga reflects the diversity of our city (LiC 2021).
- Around half of respondents think we have a broad range of arts and artistic activities (QoL 2020).
- The pandemic has resulted in a decrease in people attending or participating in the city's arts and culture scene (LiC 2021).

Garden City

- 60% of respondents appreciate the streetscapes and public artworks in the central city.
- The Botanic Gardens and Hagley Park are highly valued assets (2022 LiC Central City).
- 83% of respondents said that Christchurch is a great place to live (QoL).

Additional information

- 2.1% of the city's population could have a conversation about a lot of everyday things in te reo Māori (lower than 4% nationally, 2018 Census).
- Māori living in Canterbury were less likely than all Māori to be able to:
 - Understand te reo (21% v 31%)
 - Read te reo (18% v 27%)
 - Write te reo (13% v 19%)
 - Speak te reo (13% v 18%)

Things to consider

- Continuing to honour and give effect to Te Tiriti o Waitangi needs to remain foundational in everything that we do. This includes continuing to grow and foster a strong working relationship with Ngāi Tahu and other iwi.
- Do our facilities, services, housing and infrastructure meet the needs of a diverse population?
- Are we creating a liveable city for an older community with increased accessibility needs?
- What does a liveable city mean in the context of our changing climate and the need to make changes to reduce our emissions?
- Our brand new venues and facilities are assets, but only if they host activities that people from our city and region want to attend.

Long term outlook or questions

- People need to see themselves reflected in the city.
- We need to help to develop and nurture networks within the community.
- We need to provide adequate opportunities for people to express their own cultures as well as learn about other cultures.
- How can we harness the strengths of diverse communities?
- How do we support the development of active and connected communities in new residential neighbourhoods?



Wellbeing and resident perceptions

ECONOMIC WELLBEING

Highlights

GDP and exports

- Christchurch's GDP was \$28 billion (2020), the second largest after Auckland.
- Our exports from Lyttelton Port are at the highest on record (\$8.7 billion for the year to May 2022).
- The value of exports from the airport have not yet recovered to pre-COVID-19 levels (\$1.9 billion for the same period).

Affordability

- Around 44% of respondents said they had 'not enough' or 'just enough' money to meet their everyday needs – the lowest since 2006 (QoL, 2020).
- 34% of respondents said the cost of rates causes them stress at least some of the time (LiC 2021). This increases to 48% when asked to consider their ability to cover the cost of rates in the future (LiC 2021).
- Weekly wages are on average around \$65 lower in Christchurch than nationally, and wage growth has been slightly lower than the rest of the country.
- The wealthiest households have experienced an income increase almost four times that of the least wealthy households over more than a decade.

Housing

- Christchurch's median house sale price peaked in February 2022 at \$731,000.
- Most respondents consider a home more than \$500,000 to be unaffordable (2021 LiC, Housing & Transport).
- The proportion of take-home pay spent on home loans by first home buyers is currently at 33% for Christchurch (June 2022), up from 20% in June 2021. Less than 40% is considered 'affordable'.

Central city

- 42,000 people work in the central city, around 20% of the city's workforce.
- 8100 people live in the central city, up 12% from the previous year.
- A third of respondents would consider a move to the central city in the next 10 years (LiC 2022).
- Respondents most commonly visit the central city to eat or drink at cafés, shop or get fresh food and groceries.

Tourism

- Annual visitor spend in the year to October 2021 (\$855 million) was 5% lower than in the year to October 2019.

Additional information

Economy

Our GDP has grown by an average of around \$1 billion per year since the earthquakes. Our main industries are:

- Manufacturing
- Construction
- Professional/scientific/technical services

Combined, these three industries account for one third of our city's GDP.

The cost of living for an average New Zealand household increased by 7.4% in the June 2022 quarter compared to the June 2021 quarter. Māori households experienced an above average increase (7.6%). (SNZ, HLPI)

The Cost of Living payment was introduced in 2022 to those eligible earning under \$70,000.

Although June 2022 figures show that overall retail spending in Christchurch has increased, this is an indication of prices inflating as the number of transactions decreased.

Job vacancies advertised online are at an all time high in Canterbury (June 2022), increasing 1.3% from the March quarter and up 16.3% from the same quarter in 2021.

Central city

New housing in the central city continues to attract residents, with 362 homes completed in the last year and many more in the pipeline.

Employment had been increasing annually since the earthquakes, but COVID-19 resulted in a decrease in 2021. We're aiming to have 60,000 employees by 2028.

Housing

Although house sale prices around New Zealand are slowly decreasing from their peaks, Christchurch has not experienced the same decline, dipping only slightly from its peak to \$700,000 in June 2022.

The Christchurch housing market remains affordable when compared to other New Zealand cities such as Wellington and Auckland.

Building developments and central city development have been given as the main reasons respondents think Christchurch is a better place to live than it was 12 months ago.

Things to consider

- How do we best position Christchurch as a great place for people, business and investment?
- Households are going to be under increasing pressure with the rising cost of living. What role do we have to play in preventing a livelihood crisis?
- The infrastructure that we supply plays a significant role in supporting much of our daily lives, and enables service delivery and economic activity.
- The future is likely to bring new challenges for Christchurch's economy and we'll need to adapt to ongoing stressors, including an ageing population, rapid technological change, and the challenges of climate change.
- Are we creating a central city that is a magnet for the young, creative workforce our city needs to attract?

Long term outlook or questions

- How can we turn Christchurch into a high wage economy by attracting the right businesses and people?
- Creative solutions are needed to address the tight labour market. Employers can try new initiatives to attract and retain staff.
- Canterbury has some strong points of difference to leverage (e.g. more affordable housing, city lifestyle without 'big city' hassles, strong export industries), which can be used as unique selling points to attract skilled workers.
- There's likely to be strong competition for the tourist dollar as countries begin to open their borders again. We'll need to consider creative ways to attract visitors to the city.
- Providing a range and choice of housing and ways to travel is going to play an important role in Christchurch being a liveable city.



Wellbeing and resident perceptions

ENVIRONMENTAL WELLBEING

Highlights

Climate change

- 79% of respondents think climate change is an important issue.
- 97% of respondents already engage in climate action.
- Cost, affordability and convenience/lifestyle are the main barriers to making bigger changes.

Natural areas

- Native bush, tussock land and wetlands are an important part of the city's identity.
- 33% of respondents thought we could be doing more to protect and enhance our biodiversity.

Water quality

- The quality of Christchurch waterways has remained relatively consistent over time, but is subject to contamination from stormwater, wastewater, and other inputs.
- We provided 391,500 residents with drinking water during the year ending June 2021.

Waste

- For the year ending June 2021, 225,300 tonnes of general waste was sent to Christchurch landfill (or around 575 tonnes per person).
- The amount of kerbside green waste diverted from landfill has trended upwards over time, with a total of 75,000 tonnes being processed in 2021.
- Total recycling across the city has steadily decreased to 27,700 tonnes for the same period.

Transport

- Travelling by car remains the most popular travel mode.
- Public transport trips decreased from 13.7 million to 10.3 million between 2019 and 2021.
- 46% think cycling in Christchurch is safe, up from 35% in 2019 (LiC).
- The condition of our roads and footpaths continue to be areas where there's a lot of room for improvement.



Additional information

Air quality

Air quality measures are taken at two locations in Christchurch: English Park in St Albans and Woolston. Both locations have measured air pollution concentrations above the National Environmental Standard for Air Quality (i.e., >50µg/m³ more than once) during the 2022 calendar year.

Water quality

Of the coastal and waterway sites sampled between January 2019 and December 2021, all produced samples exceeding acceptable limits of contamination.

Urbans areas (such as Ōtākaro-Avon River catchments) tend to record higher levels of contaminants than rural areas (such as Ōtūkaikino River catchments). The waterways requiring most attention:

- Curletts Road Stream
- Nottingham Stream
- Haytons Stream
- Addington Brook
- The lower Ōpāwaho-Heathcote River

Only 9% of Christchurch respondents and 25% of Banks Peninsula respondents feel the water quality in their waterways is good.

Chlorination of our drinking water is expected to continue, although we are seeking an exemption to this requirement.

Cleanliness is a concern, with many Christchurch and Banks Peninsula respondents saying they regularly see litter and rubbish in our waterways (Life in Christchurch, 2018). In general, our residents felt surface water including streams, rivers, and lakes (76%), riverbanks (57%), and groundwater (41%) were in poor condition.

Transport

Although travel by car remains a popular option, many are increasingly looking for more sustainable modes of transport, particularly as the cost of living continues to increase. COVID-19 has had an impact on our travel patterns and use.

Things to consider

- We have unique environments and habitats that are nationally, internationally and culturally significant.
- We have a responsibility to our residents and to future generations to maintain and protect our landscapes and environment.
- We must be kaitiaki/guardians and use our resources in a sustainable and minimal way.
- There is a growing awareness of the need to maintain our biodiversity – the main threats come from pest plants, pest animals and human activity.
- Are we currently managing city growth and development in a way that minimises the impact on, or even enhances, the natural environment?
- How do we shift community perception about intensification and the impacts that it will have on established neighbourhoods?

Long term outlook or questions

- How do we encourage residents to feel a connection with, and responsibility towards, the natural environment?
- How do we build community wellbeing for all while also reducing our environmental impact?
- Are there innovative initiatives that we can promote to encourage resource efficiency and action against climate change and environment degradation?
- How do we best balance the need to provide housing and infrastructure to meet the needs of our growing population with protecting and enhancing our natural environment?
- What are the long term implications of not prioritising improving water quality and protecting our groundwater?
- What do our neighbourhoods need to provide to enable transport choice and encourage residents to reduce their environmental impact?



Wellbeing and resident perceptions

WHAT RESIDENTS ARE TELLING US

Highlights

We really want to see you get the balance right.

We're concerned about the burden of ongoing rates increases on households, but we don't want to see progress on projects that we care about stop or slow down.

Get the basics right first.

We're feeling frustrated by continued spending on the "nice to haves" and that you seem to have forgotten about some areas of the city who are having to fight so hard for improvements in basic infrastructure.

You've made some good progress on improving the conditions of our infrastructure.

But there are still some specific areas where we would like to see more investment and improvements.

We're concerned about what the future looks like for the communities and areas that we live in.

We understand the need to provide homes for our growing population, but don't want to see this happening at the expense of the things that we value about our neighborhoods and city.

Things to consider

- The challenges that we face around resident perceptions and satisfaction are not unique to Christchurch. Other cities are grappling with the same challenges.
- We are consistently hearing the same messages from our residents and communities.
- Our communities are telling us that they want to be actively involved in making Christchurch a strong, resilient city that is prepared for the challenges that we will face in the future.
- We need to work on building the trust and confidence that residents and communities have in the Council.

Local facilities and services are important to us.

Please don't undervalue the service and sense of community provided by smaller, local facilities.

We want to be engaged in the decision-making process, but we need your help to do this.

We want it to be easier for us to provide feedback and input, and we want to be able to engage in a way that is meaningful and informed.

We want to work and partner with you to build strong, resilient communities who live in a city that is prepared for the challenges that we will face in the future.

We want to see a shift in the type of relationship that we have with you towards more of a partnership and collaborative approach. It is also important that you continue to enable community organisations and groups to undertake work and deliver projects in their local communities.

You've made a good start on climate action initiatives.

But we would like to see more evidence that this is a priority and embedded in all that you do.

Long term outlook or questions

- How do we work and partner with communities and empower them to take charge of their future?
- How do we ensure that the city continues to move forward while protecting and enhancing the things that residents value?
- We need to strike the right balance between keeping rates affordable, continuing to deliver the services that our residents value and making the improvements that residents are telling us that they want to see.

What people say we do well

Botanic Gardens and Mona Vale

"Hagley Park and the Botanic Gardens are fantastic."



Community development support

"Staff are always very approachable and helpful."



Cemeteries administration

"We are very fortunate in Christchurch to have an amazing team at Cemeteries both in administration and front line staff."



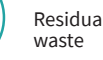
Kerbside collection

"The three kerbside bins are the best in NZ. They are always collected on time and put back in the correct place."



Sport and Recreation facilities

"The staff are incredible – so welcoming and friendly"



Residual waste



Organic waste



Recycling

Libraries

"Libraries in Christchurch are wonderful - well resourced with helpful staff. New Brighton Library caters to its community very well."



Resource consenting

"I was very impressed with the prompt communication from our processing planner, kept me informed of progress the whole way through and the consent was processed very efficiently."



Customer service

"The customer service representatives are always friendly and helpful."



Walk-in



Telephone



Email

Reliability of water supply

"The water...always work[s] well in my suburb."



Where people think we could improve

A little room to improve

Water supply responsiveness

"They take too long to repair the water leaks in suburbs."



A lot of room to improve

Condition of roads

Improve the condition of the road network across the city.



"Main areas I think need addressing is the roads, roadworks are taking too long and aren't done to a good standard."

Community parks

"Ease of access, the beauty of the green space, the plantings, both floral and other."



Note: NIWA data confirms Christchurch experienced rainfall 2.5 times higher than usual in the last year. This limited the time service providers could operate, as well as leading to extraordinary growth.

Condition of footpaths

Improve the condition of the city's footpaths.



"Roadwork disruption, footpaths not in good condition."

On-street parking

"It will be good to create more affordable parking options in the CBD to encourage more people coming into the city."



Stormwater drainage

"Stormwater drains often aren't cleared in time for heavy rains."



Water supply and quality

"Dissatisfied with chlorine still in water..."



Public involvement in decision making (surveying residents in general)

"I think the decision making around some of these things is very opaque - I suspect if the public understood some of the restrictions, funding issues, and moving parts around these decisions, we'd be a lot more understanding at perceived lack of progress on some issues. The main thing I'd like to see the council do more is be open about why they are or aren't doing things."



Risks, challenges and opportunities

ECONOMIC OUTLOOK

Highlights

Economic growth in Christchurch in the year to June (2.7%) was higher than economic growth across New Zealand (0.7%).

Consumer confidence in Canterbury is currently at -54, lower than the New Zealand figure of -48.

In August the median house price in Canterbury dropped to **\$650,000**, down from its peak of \$718,000 in February 2022, and significantly lower than the national median of **\$800,000**.



International visitor spending in Christchurch city increased by 22% to \$12.5 million in July 2022, the highest monthly international visitor spend since March 2020.

This was equivalent to 88% of international visitor spending pre-COVID-19.

The value of exports from Christchurch ports was 6.7% higher in Q2 2022 compared to Q1 2022.



Additional information

The tight labour market and relatively low levels of economic growth are going to pose challenges in the near term.

Local economic activity is weakening, in line with national and international trends. Both local and national data for the June 2022 quarter paint a picture of record-low confidence, a reduced willingness to spend and invest, and ongoing pressure on the budgets of both households and businesses.

The reopening of New Zealand's borders have come just in time to enable tourism exports to offset some of the impacts of reduced consumer demand.

Employers in Christchurch and Canterbury are going to be competing with both the national and international markets to attract skilled workers. The tight labour market has been reflected in record low unemployment figures for Canterbury and Christchurch, sitting at just 3.5% for the region and 3.9% for the city in the June 2022 quarter.

In some sectors collaboration may be required to grow the labour force and meet the needs of the wider sector, taking an ecosystems approach as opposed to focusing on individual needs.

ChristchurchNZ is signalling that improving productivity through investment in technology, automation, and systems is something that businesses should be exploring in the face of skills shortages and a tight labour market.

Exports are an ongoing source of economic resilience for Canterbury's economy. Agricultural strength is expected to see Canterbury outperforming the other major metropolitan regions in the coming year, despite an anticipated slowdown in economic activity across New Zealand.

The unadjusted Performance of Manufacturing Index (PMI) for Canterbury fell into contraction during Q2 2022, with an average quarterly score of 48.9. This is primarily being driven by supply-side challenges and labour shortages.

Things to consider

- Global influences are having more of an impact on both our national and local economies than usual. We need to be looking beyond national forecasting for guidance on what conditions may look like in the medium term.
- Economic conditions in the short/medium term are expected to be uncertain – we'll need to be ready, strategic and agile to respond to what could be changing and challenging economic conditions.
- Supporting a prosperous economy, accelerating the momentum that the city needs and ensuring rates are affordable and sustainable will need to remain a focus as we navigate through economic stress and uncertainty.
- Economic conditions are expected to remain uncertain as we head into the development of the Long Term Plan 2024–34. This will likely have impacts on the reliability of the key assumptions for the Long Term Plan.
- In common with many other organisations, the Council is experiencing significant cost escalation, supply chain issues, labour shortages and increasing inflation.
- There's likely to be continuing competition for talent and in-demand skills in the short/medium term. Job markets are expected to remain competitive with organisations offering a range of incentives to attract both skilled and less skilled workers.
- The cost of addressing wage growth disparity across the private and public sector will need to be balanced with the risk of not addressing this growing issue. Not addressing it could have significant impacts on our ability to attract talent and service delivery continuity.
- Our suppliers and contractors are signaling a limited appetite for taking on additional risk related to increasing labour costs, material costs, and operating costs. This may have an impact on how we do business.

Long term outlook or questions

- The Reserve Bank has signaled that the current economic outlook means that higher interest rates will be needed over the coming years. This is likely to have flow-on effects for Christchurch and Canterbury.
- Monetary policy to help curb inflation, coupled with declining economic growth, will continue to impact consumer confidence and lead to households reassessing their spending.
- The current economic outlook is likely to place additional pressure on households who are already grappling with the rising costs of living. Many have already signalled that they are struggling to juggle the demands of ongoing rates rises with the rising cost of living.
- Are we building resilience in our long-term planning to global stressors or shocks such as a global recession?
- Are we thinking about what a transition to a low carbon economy looks like for Christchurch and considering how this will impact Council activities and business.



Risks, challenges and opportunities

IMPACTS OF COVID-19

Highlights

Christchurch has an unemployment rate of 3.9% for the June 2022 quarter, up from the record low of 3.6% in the March 2022 quarter.

Exports and imports at Lyttelton Port have since rebounded from COVID-19 to all-time highs. Imports and exports at Christchurch Airport are yet to fully recover.

Retail spending in Christchurch was up 1.3% in July 2022, compared to the same month last year, however the number of transactions were down.



Annual visitor spend in the year to October 2021 (\$855 million) was 5% lower than in the year to October 2019.

The value of international visitor spending in Christchurch during July 2022 sat at 88% of pre-COVID-19 July 2019.

There were more than 12,000 international arrivals at Christchurch Airport in July 2022, the highest since March 2020.

External migration arrivals are slowly increasing after dropping as a result of COVID-19, reaching a two year high of 468 in June 2022.

76,548 international passenger movements through Christchurch Airport in 2021, compared to 1,765,627 in 2019. There have been 204,589 to date in 2022.

Additional information

The shocks being felt at a national and global level from COVID-19 are being felt at a local level in Christchurch.

Although our economy recovered quickly from COVID-19, many businesses are still feeling the strain as a result of a tight labour market, border closures and inflation.

Travel

Domestic travel has rebounded from the impact of COVID-19 within New Zealand, and international tourism has increased. CIAL reports that travel demand is currently ahead of supply and it will take some time for the global system to return to pre-COVID-19 operating.

Supply chain

We can expect the supply chain issue that stemmed from COVID-19 to be ongoing as global influences persist.

Cost of living

Increasing inflation is reflected in increased spending and fewer transactions. This will continue to put pressure on people and businesses in Christchurch.

Labour market

Border closures in New Zealand have had significant impacts on the labour force, in particular the available pool of in-country labour.

As a result Christchurch's unemployment rate is at just 3.9% at the end of the June 2022 quarter. This has led to a highly competitive labour market, where employers are struggling to attract and secure talent.

Construction sector

In Canterbury, residential activity is expected to have passed its peak in 2021, with a decrease in activity expected through to 2027. In 2021 non-residential activity across Canterbury reduced by around a third (36%).

In the year to March 2020, construction was Canterbury's second largest industry by GDP contribution, at 9.2%.

Residential building consents have also passed their peak over 2021 and early 2022.

Things to consider

- Christchurch will not be immune to the concerns around "brain drain", where people may look abroad to seek job opportunities. This could lead to further pressure on the local job market.
- There is growing public concern about the overspread of misinformation.
- Social media has overtaken free-to-air TV as the country's most-consumed media. The social media environment tends to be less regulated with less obligation to verify sources and information before it's broadcast.
- Some aspects of our COVID-19 response have brought about increased mistrust of and dissatisfaction with local authorities.
- Trends in international tourism could come in above or below what is anticipated and are open to the influence of global economic conditions.

Long term outlook or questions

- It remains unclear how long we can expect supply chain and labour market issues to continue for.
- While the impacts of the COVID-19 pandemic may begin to lessen, global geopolitical issues and conflict may lead to ongoing issues, particularly with respect to supply chains.
- We must be able to adapt and respond quickly in a changing and unpredictable environment.



Risks, challenges and opportunities

SOCIAL COHESION

Highlights

11%

of people often feel lonely or isolated

36%

sometimes feel lonely (QoL 2020).

When asked how much they trust others in the city, **12% indicated they did not trust others** (QoL 2020), significantly lower than the eight-city total.

72%

said racism or discrimination towards particular groups of people was a problem in Christchurch (QoL 2020).

Additional information

The anti-mandate protests (including the occupation of Cranmer Square) held in 2022 disrupted traffic flows and public access, and the Council incurred costs of at least \$50,000.

The Cranmer Square occupation created tensions with local residents and the wider community, with reports of intimidating and illegal behaviour.

As the cost of living crisis continues, people's priorities and values may change – people will become more stressed about money and getting by day-to-day, which may have a negative impact on social cohesion.

Things to consider

- Do we fully understand the reasons why some people are feeling disenfranchised and disconnected from society, and how much of this is due to events related to the COVID-19 pandemic?
- How can we engage with and respond to those who are displaying signs of social discontent?
- What are the risks to the Council and city from growing social unease and disconnectedness?
- While the Council respects the right of citizens to protest peacefully, effective dialogue with those feeling disenfranchised is essential to avoid city-wide disruption, costs to the Council and further erosion of social cohesion.

Long term outlook or questions

- What role does the Council have in enhancing social cohesion amongst our communities, particularly those feeling disenfranchised, disconnected and dissatisfied with authority?
- What impacts will the spread of misinformation have on trust and confidence in the Council and on resident satisfaction?
- How do we balance the right to protest with the rights of residents to enjoy the city freely without disruption or intimidation?
- What are the roles of the Police, the Council and other agencies in managing future protests and what level of tolerance should be shown to those breaking laws or causing a nuisance?



Risks, challenges and opportunities

CLIMATE CHANGE

Highlights

Projected change
By 2040 our average temperature is expected to have risen by 0.5°C to 1.5°C.

2021 average temperature in Christchurch was 12.4°C, +0.8 above average.

Summer and autumn are expected to be drier with 5–15% less summer rainfall for Banks Peninsula.

Winters will be wetter, with **up to 10% more rainfall.**

Time spent in drought in eastern New Zealand is projected to double or triple by 2040.

Sea levels are projected to rise 0.2m by 2050, 0.44m by 2075 and 0.97m by 2115.

Our emissions

Christchurch's greenhouse gas emissions:

- Transport (54%) including 36% from land transport.
- Energy powering our homes, buildings and businesses (19%)
- Agriculture (15.3%)
- Waste (7.4%)
- Industrial product and gas use (4.2%)

We've set targets to halve our emissions from the district by 2030 and reach net zero emissions by 2045.

The Council has a target to be carbon neutral by 2030 for its operations.

59% of respondents in our last Life in Christchurch survey were aware of our targets – 36% of respondents didn't think we'd meet our targets, while 35% weren't sure.

Additional information

Climate change is the biggest challenge of our time. It's already affecting our weather, health and wellbeing, natural environment, taonga species, mahinga kai, food production, biosecurity, infrastructure, and the economy.

We need to reduce our greenhouse gas emissions and do what we can to mitigate the effects of climate change. We also need to prepare for the changes that are ahead of us and respond to the social, environmental and economic effects of our changing climate.

As air temperatures rise, much more energy is put into the atmosphere, and this increases the intensity of weather patterns. As well as higher temperatures there will also be more intense, longer-lived droughts interspersed with more frequent and more extreme storms and rainfall events and stronger winds.

Christchurch is a low-lying coastal city vulnerable to increased flooding from the rivers, rainfall and sea level rise.

On average, our temperature is expected to rise by around 0.5°C to 1.5°C by 2040, and 3.5°C by 2090. During the baseline period of 1986–2005, Christchurch recorded between 20–40 very hot days (greater than 25°C) per year, and this is projected to increase. Projections suggest up to 40 more very hot days per year by 2040 and up to an additional 60 by 2090.

Rainfall projections suggest that the average amount of rainfall per year will not change much, but the timing of when the rain falls will change. In general, we are expecting longer dry periods (more intense, more frequent drought) interspersed with more intense extreme rainfall events. Summer and autumn are projected to be generally wetter (up to 8% wetter by 2090) and winter will tend to be drier.

Extreme daily winds are likely to increase by up to 10% by 2090, especially east of the Southern Alps.

Sea levels have already risen by approximately 20cm since the baseline period of 1986–2005. Under a mid-level projection (RCP 8.5 M), sea level is projected to rise a further 30cm by 2050, 50cm by 2075 and 1m by 2115.

Rising snow lines, more frequent hot extremes and less frequent cold extremes, means that fire hazard is expected to increase in many parts of New Zealand.

The Intergovernmental Panel on Climate Change has identified the following barriers to addressing climate change across Australasia – lack of consistent policy direction, competing objectives, divergent risk perceptions and values, knowledge constraints, inconsistent information, fear of litigation, up-front costs, and lack of engagement, trust and resources.

Things to consider

- To reach our emissions reduction targets we need to do things differently, including changing the ways we travel, increasing the use of renewable energy, improving the energy efficiency of our buildings, reducing waste and supporting regenerative agriculture.
- How we plan for future development and growth in our city will have a significant effect on our future emissions and on our ability to respond to climate impacts.
- We need to be building a shared understanding with our communities of key climate risks for Christchurch and our preferred adaptation pathways.
- We should be leading by example, taking climate action as an organisation and supporting our communities to take climate action. We need to make sustainable choices easy and accessible for residents.
- Climate change is a complex and dynamic policy environment. We need an agile and adaptive response, keeping up to date with new scientific information, government policies and opportunities as they arise.
- Agriculture is a significant part of the Canterbury economy. He Waka Eke Noa Primary Sector Climate Action Partnership has been established to work with the farming sector to reduce emissions and grow climate resilience.
- Because of the varied emission sources, range of climate impacts and the extent and pace of change needed, we must work across our community and with all levels of government to respond adequately to climate change.

Long term outlook or questions

- Our current actions are not reducing our environmental impact or building climate resilience to the extent required to reach our goals and targets.
- At the moment, Christchurch is stabilising rather than decreasing its greenhouse gas emissions, so we're not on track to meet the targets set out in our Climate Resilience Strategy.
- As we are in an increasingly changing environment, the timeliness of processes becomes even more prevalent, and consideration should be given as to whether processes such as the Annual Plan are frequent enough to factor in change.
- For local government, the future needs to be based on building and fostering partnerships that are focused on creating a sustainable and successful city.
- We must find ways to maintain our overall quality of life while reducing emissions from homes and businesses.



Risks, challenges and opportunities

IMPACTS OF A CHANGING CLIMATE

Highlights

Our changing climate is likely to have varied impacts on different areas of the city:

- The most significant risks for inland Christchurch are extreme weather events such as more hot days, more frequent and severe drought and floods.
- Significant risks for coastal Christchurch include sea level rise, storm surges, rising ground water and increased tsunami risk.
- On the Port Hills a higher risk of landslides and wildfire is projected.
- Risks in inland Banks Peninsula are dominated by drought, extreme heat and wildfire affecting the natural environment and water supplies.
- In coastal Banks Peninsula coastal and flood hazards could affect road access, and water supply would also be affected by drought.

Additional information

Our changing climate is expected to have a range of impacts and implications for our communities.

As temperatures continue to rise and we experience more very hot days, heat stress is expected to negatively affect the health of people, animals and plants, and workplace productivity will reduce for outdoor workers.

Increasing temperatures and drought conditions will increase the risk of wildfire affecting the city.

Water availability for drinking, irrigation, agriculture, and horticulture will be reduced during periods of drought, especially on Banks Peninsula. Average river flows may be 20% less by 2090. Rivers will flood more often, and more direct rainfall flash flooding of communities and businesses will affect people, the economy, and Ngāi Tahu cultural values and mahinga kai.

Flood water will damage bridges, roads and other infrastructure. Wastewater will overflow more often.

Insurance costs for homes and businesses will increase or become unavailable to those most at risk. This is already beginning to happen.

While the cost of heating our homes in winter may decrease, there will be more need to cool our homes in summer. Many houses lack cooling systems, and installation will be more difficult for low-income families, leading to growing equity issues. There's more likely to be increased demand for shade and drinking water in public places.

Fire risk will increase during hot, dry periods and soil will dry more quickly, increasing demand for irrigation. The combination of drought, fire and heavy rain could reduce vegetation on hills and increase the risk of landslides and erosion. There could be permanent loss of soils in Banks Peninsula, preventing revegetation.

Timing of seasonal activities such as flowering, breeding and migration will change and ecosystems will be under threat, with negative impacts on health and the economy. Loss of biodiversity will impact mahinga kai and other customary practices.

As wind speeds increase, trees, buildings, and power lines will be damaged frequently, reducing resilience of essential services.

Things to consider

- Our city is comprised of several unique geographies (e.g. Banks Peninsula, low lying estuarine and coastal areas, Port Hills), and our changing climate is likely to have different and varied impacts on each of these.
- Our changing climate can have significant impacts on people, property, livelihoods, nature and infrastructure. How can we build climate resilience into all that we do and encourage or work with others to improve their resilience?
- We should be cognisant of the impact more extreme weather events may have on our infrastructure, people's homes and their livelihoods, and the resulting impact on people's wellbeing.
- There's going to be increasing pressure and expectations that we maintain infrastructure that protects people and property to a level that is acceptable to our communities.
- Areas in Banks Peninsula are already experiencing increased landslides, gully erosion and sheet erosion, especially in un-vegetated areas due to increased intensity of extreme rainfall and wind erosion.

Long term outlook or questions

- There will be changes to the cost and availability of insurance, as is beginning to happen already.
- Banks may stop providing mortgages and lending in affected areas.
- We'll need to focus on maintaining core infrastructure that protects people and property from the impacts of our changing climate.
- We could see additional population growth due to climate refugees from other countries.



Risks, challenges and opportunities

NATURAL HAZARDS

Things to consider

- What are the roles of the Council and the wider city in a South Island wide event such as an Alpine Fault earthquake, where Christchurch will be one of the least damaged main centres?
- Are we promoting a shared understanding of the risks and costs associated with natural hazards faced by our communities?

Natural hazard distribution: number and percentage of vulnerable properties in the Christchurch district:

- Flooding hazard: 76,600 properties (38%)
- Liquefaction hazard: 158,000 properties (79%)
- Erosion hazard: 870 properties (<1%)
- Slope hazard: 17,800 properties (9%)

Additional information

Christchurch's location on a low-lying coastal river plain makes it particularly vulnerable to both coastal and land-based hazards.

Exposure to these hazards will increase due to our growing urbanization, climate change and land subsidence caused by the Canterbury earthquakes.

It's important for our communities to understand the consequences and agree on what level of ongoing risk is acceptable. Our 2021 Coastal Hazards Assessment presents a general indication of the magnitude and extent of hazards across neighbourhood-sized areas.

Flooding: Flooding is the hazard most likely to affect our communities. Localised surface water flooding occurs regularly after intense or prolonged rainfall events. Ground subsidence caused by the recent earthquakes has increased the severity and frequency of flooding events in some parts of the city. Major defences protect communities from catastrophic flooding by the Waimakariri River, but in the future the greater threats are likely to be coastal flooding, storm surges and inundation. We have around 25,000 properties that could be at risk from coastal hazards in the next 100 years, most commonly from coastal flooding.

Earthquakes: The earthquakes of 2010 and 2011 were centered on a localised, little-known series of faults. The much larger Alpine Fault, which extends down the spine of the South Island, is our primary seismic threat. Experts believe there is a 30% to 65% chance of a magnitude 8.0 earthquake on this fault in the next 50 years.

Tsunami: Seismic activity around the Pacific 'ring of fire' presents a potential for tsunami. Our low-lying, flat coastal areas are exposed to this threat. The greatest threat comes from distant source tsunamis, particularly from the deep oceanic trench that runs parallel to the Chilean coast of South America.

Fire: Rising temperatures and longer periods of drought are likely to increase the fire risk in both the city and on the peninsula.

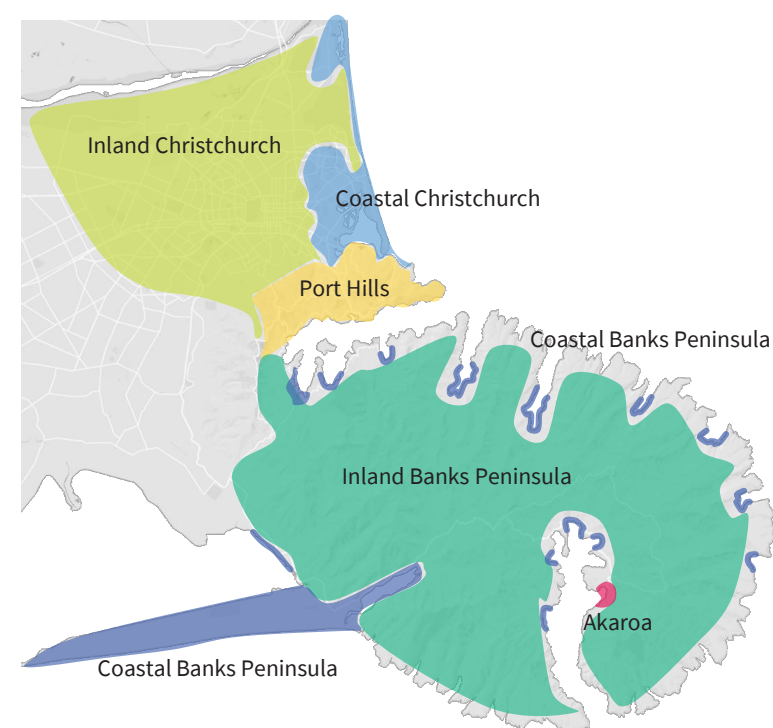
Christchurch District - Natural Hazards and Management Approach

Hazard	Management
Flooding (some coastal)	<ul style="list-style-type: none"> • District Plan (FMA* and HFHMA**) • Floodplain investigations (Land Drainage Recovery Programme) • Upcoming plan change (update to FMA)
Liquefaction	<ul style="list-style-type: none"> • District Plan and Building Act requirements
Shallow groundwater	<ul style="list-style-type: none"> • Future plan change to address for inland Christchurch • Upcoming adaptation planning
Tsunami	<ul style="list-style-type: none"> • Civil defence evacuation areas

Hazard	Management
Slope instability	<ul style="list-style-type: none"> • District Plan (cliff collapse, mass movement, and rock-fall management areas)
Drought, wildfire	<ul style="list-style-type: none"> • Port Hills Fires Recovery Plan actions

Hazard	Management
Coastal flooding	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Liquefaction	<ul style="list-style-type: none"> • District Plan and Building Act requirements
Coastal erosion	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Shallow groundwater	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Tsunami	<ul style="list-style-type: none"> • Civil defence evacuation areas • Coastal hazards draft plan change

* FMA = Flood Management Area
** HFHMA = High Flood Hazard Management Area



Hazard	Management
Coastal flooding	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Coastal erosion	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Liquefaction	<ul style="list-style-type: none"> • District Plan and Building Act requirements
Shallow groundwater	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Tsunami	<ul style="list-style-type: none"> • Civil defence evacuation areas • Coastal hazards draft plan change

Hazard	Management
Slope instability	<ul style="list-style-type: none"> • District Plan (remainder slope instability management area)
Drought, wildfire	<ul style="list-style-type: none"> • Actions arising from Port Hills Fires Recovery Plan may result in changes to the District Plan for other areas

Hazard	Management
Coastal flooding	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Coastal erosion	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Drought, wildfire	<ul style="list-style-type: none"> • Actions arising from Port Hills Fires Recovery Plan may result in changes to the District Plan for other areas
Shallow groundwater	<ul style="list-style-type: none"> • Coastal hazards draft plan change • Upcoming adaptation planning
Tsunami	<ul style="list-style-type: none"> • Civil defence evacuation areas • Coastal hazards draft plan change

Long term outlook or questions

- Climate change, especially sea level rise and increased storm frequency, will increase the risk of natural hazards such as flooding, coastal inundation and tsunami above current levels.
- The magnitude and timeframes of when the natural hazards may occur are uncertain.
- Adaptation or mitigating natural hazards is likely to come at a large cost, uncertainty remains around who pays.
- We have some way to go to build community understanding and acceptance of areas associated with multiple hazards, especially in areas people have called home for a long time.



Risks, challenges and opportunities

POPULATION GROWTH

Highlights

By 2054 Christchurch City will likely be home to around 475,000 people and 187,000 households. (Based on medium projections).

Waimakariri District is expected to grow by between 5000 and 31,000 people. (Based on low and high projections)

This is around **70,000** additional people and **31,000 households** over the next 30 years.

Over the same period Selwyn District is expected to grow by between 18,000 and 60,000 people. (Based on low and high projections)

Currently **31%** of workers in Selwyn and Waimakariri Districts travel to the city for work.

COVID-19 has had New Zealand wide impacts on short term population growth. Overall, annual population growth slowed to 0.2% in the year ended June, the slowest since 1986.

The National Policy Statement on Urban Development requires that councils provide additional growth capacity (competitiveness margin) of 20% in the short and medium terms and 15% in the long term.

Additional information

StatsNZ projections provide a low, medium and high projection for both population and households. While Christchurch has historically tracked closely to the medium projections, the range across the low, medium and high projections for the city suggests that our growth over the next 30 years could be between 960 people (low projection) and 138,000 (high projection).

Overall, the latest StatsNZ projections suggest that population and household growth will be lower than previously projected.

Population change is a combination of natural increase (births minus deaths) and net migration (migrant arrivals minus migrant departures).

Net migration loss (in part due to COVID-19) coupled with a lower natural increase has resulted in lower actual and projected growth nationally.

The most recent StatsNZ population and household projections for Christchurch City signal that growth in the city is likely to happen more slowly than previously projected.

Our Space 2018 – 2048 (Greater Christchurch Partnership Settlement Pattern Update) set out that beyond 2028, 65% of Greater Christchurch’s housing growth should be supported in Christchurch City.

This is greater than the proportion of growth currently projected in the city by StatsNZ.

Central Government policy requires us to provide more plan enabled (zoned) and serviced capacity than we are going to need to provide for our projected growth. This is known as a competitiveness margin.

Things to consider

- Can we adequately provide growth options and deliver services to cater for all demographics e.g. younger adults, families, older people, diverse communities? Or do they have competing interests?
- Do we have the right type of housing for an aging population?
- How are we going to overcome the workforce issues the city currently faces and may continue to face in the future as our population continues to age?
- Attracting young people and families to the city is going to be important in maintaining our labour force as our population continues to age.
- Workforce-aging could mean labour shortages in some industries if we fail to attract new residents to the city to fill these gaps.
- Is the city going to be somewhere that is attractive to young people?

Long term outlook or questions

- Work on the Greater Christchurch Spatial Plan is currently underway. The outcome of this, and other government reforms, may lead to further settlement pattern changes. Do we need to be looking beyond spatial planning when considering future growth? The government reforms direct us to plan for growth above and beyond what is currently planned for.
- There is uncertainty around what local government will look like in the future. Work is underway on this reform programme, what the impacts will be are not yet known or well understood.
- Population growth in Christchurch is projected to be fairly conservative. There are some aspirations to have even higher growth in Greater Christchurch than what is currently projected or planned for. Is substantial population growth necessarily good for the city and its residents? Is it an outcome that residents want and in what ways would it affect our quality of life and exacerbate existing issues? How would it affect our community outcomes?
- How would we fund such population growth? Do we have infrastructure capacity and financial capacity for such increases in the population, as growth comes at a cost.
- Over time and because there is no natural geographic barrier, the urban forms of Christchurch and Selwyn might grow so close they are essentially merged. Do we need to get “ahead of the game” and better plan for shared sub-regional services and networks? Is a ‘super city’ a possibility?
- How do we plan for and address the continued pressure of people commuting into the city from Selwyn and Waimakariri?



Risks, challenges and opportunities

AN AGEING POPULATION

Highlights

In 2018, around

15%
of Christchurch's
population was
aged 65+ years.

By 2058 this is projected
to increase to around 24%
of our total population.

62%

of our projected
population growth
between 2018 & 2058 is
expected to be in the 65+
years age group.

Medium household projections indicate that by 2058 there will be around 45,000 one-person households in the city, around 24% of all households. This is an increase of around 13% on the 2018 census base.

Additional information

Across New Zealand the number of people aged 65+ years is increasing by about 80 people per day; StatsNZ is projecting that the number of people living in New Zealand who are over the age of 65 years is likely to hit 1 million by 2028 (820,000 in 2021).

Things to consider

- Are we creating a liveable city for an older community with increased accessibility needs?
- Are we adapting our services and service delivery to meet the needs of our older residents?
- Current housing is mostly designed for families, while future increased demand is expected to be for smaller houses, assisted living, communal or shared living and extended family living.
- While the majority of older New Zealanders are not suffering material hardship, many depend on government superannuation (NZS) payments as their main source of income.
- Increase in older residents with disabilities, especially hearing, seeing and mobility issues.

Long term outlook or questions

- We are likely to see increasing demand for health, recreation and leisure services targeted at older users.
- A larger proportion of our population will be on fixed incomes, which will place pressure on council spending and rates increases.
- How does the council fund the work it needs to do, while not placing a disproportionate burden on older, low or fixed income households? This will become an increasing problem as the council grapples with the increasing costs of future issues and expectations.



Community Outcomes

2019 COMMUNITY OUTCOMES

Highlights

We're required to have community outcomes under the Local Government Act 2002.

Our community outcomes capture what we aim to achieve in promoting the social, economic, environmental and cultural wellbeing of our community. The outcomes give wellbeing meaning.

It is important that our community outcomes align with the strategic direction that the council wants.

Working together with communities and collaboration with the government and other agencies can help us make progress towards reaching the outcomes.

There are currently 18 community outcomes organised under four strategic themes (resilient communities, liveable city, healthy environment, and prosperous economy). Reporting is available here (www.ccc.govt.nz/the-council/how-the-council-works/20182028-vision/community-outcomes)

For each of the 18 Community outcomes, an overall progress assessment was assigned based on indicator monitoring as at June 2022.

For each of the outcomes, the Council has varying levels of influence in determining how the outcome can be achieved, and how the Council's actions and service delivery can affect progress.

The Council has a high level of influence on the following outcomes:

- A well connected and accessible city promoting active and public transport
- High-quality drinking water
- 21st-century garden city we are proud to live in
- Modern and robust city infrastructure and facilities
- Celebration of our identity through arts, culture, heritage, sport and recreation

Additional information

- One of the key purposes of a long-term plan, as stated in section 93(6) of the Act, is to describe the community outcomes of the local authority's district or region.
- Community outcomes are different to the strategic priorities. Strategic priorities are set by elected members and reflect key issues and priorities of Christchurch residents. The strategic priorities are areas of the Council's operations where elected members want to see a change in approach or increase in focus over the Council term and beyond.
- While the priorities do not specifically refer to all Council activities and services, they highlight issues which many Council work programmes have an ability to progress.
- The priorities are our focus for improvement – where we need to intensify our work and align our skills and resources, collaborating across the Council to deliver better services to the communities we serve.

Things to consider

- How well do the outcomes align with key strategic issues and challenges?
- Are we still focusing on the right outcomes?
- Are they too broad? Do we need to narrow our focus to some core outcomes and indicators?

Long term outlook or questions

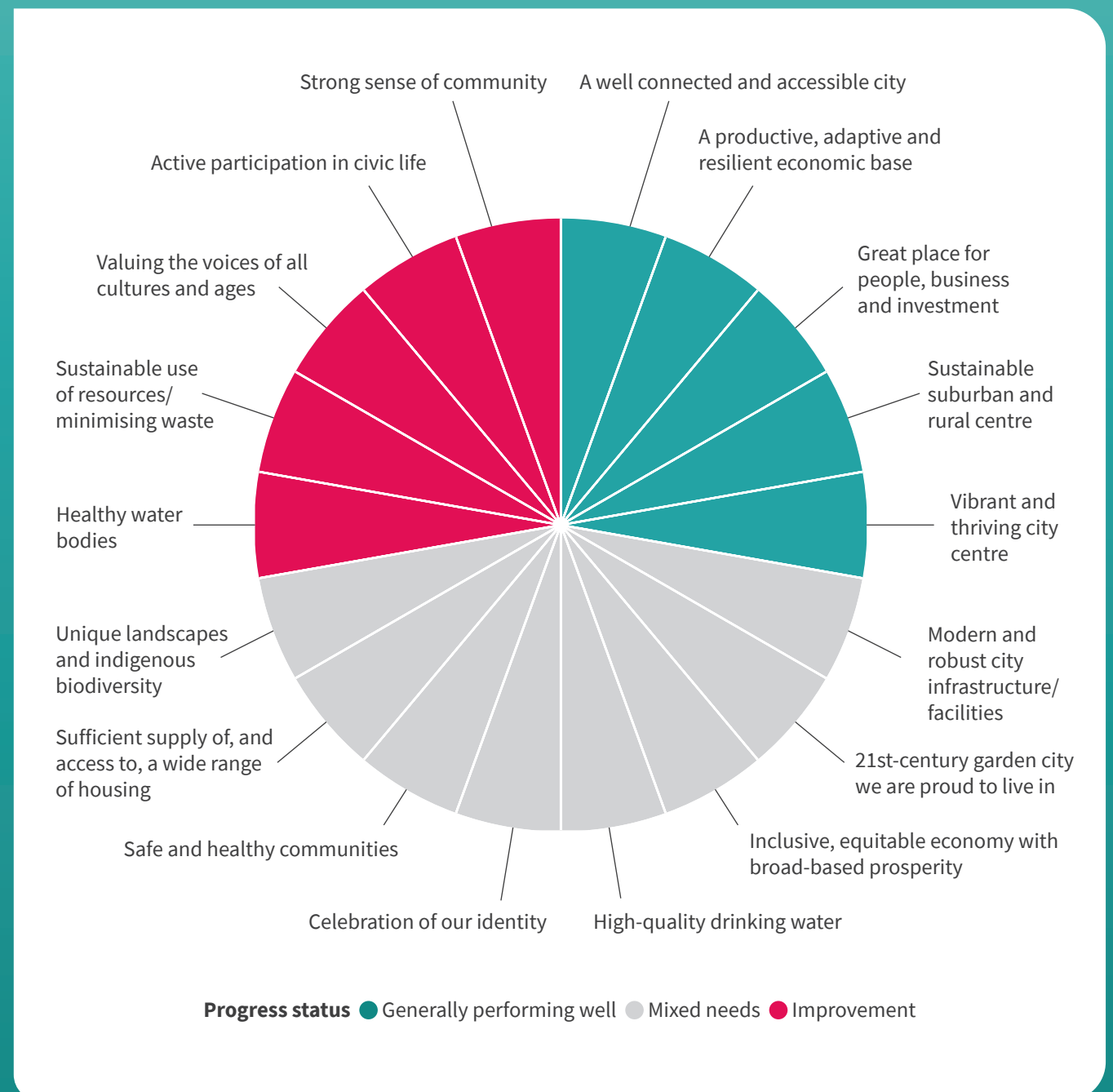
- What will the priorities be for the new council?



Community Outcomes

PROGRESS TOWARDS CURRENT OUTCOMES

Theme	Outcome	Progress status*	Level of Council influence
Liveable city	A well connected and accessible city promoting active and public transport	Generally performing well	High
Liveable city	Sustainable suburban and rural centres	Generally performing well	Medium
Liveable city	Vibrant and thriving city centre	Generally performing well	Medium
Prosperous economy	A productive, adaptive and resilient economic base	Generally performing well	Medium
Prosperous economy	Great place for people, business and investment	Generally performing well	Medium
Healthy environment	High-quality drinking water	Mixed	High
Healthy environment	Unique landscapes and indigenous biodiversity are valued and stewardship exercised	Mixed	Medium
Liveable city	21st-century garden city we are proud to live in	Mixed	High
Liveable city	Sufficient supply of, and access to, a range of housing	Mixed	Low
Prosperous economy	Inclusive, equitable economy with broad-based prosperity	Mixed	Low
Prosperous economy	Modern and robust city infrastructure and facilities	Mixed	High
Resilient communities	Celebration of our identity through arts, culture, heritage, sport and recreation	Mixed	High
Resilient communities	Safe and healthy communities	Mixed	Medium
Healthy environment	Healthy water bodies	Needs improvement	Medium
Healthy environment	Sustainable use of resources and minimising waste	Needs improvement	Low
Resilient communities	Active participation in civic life	Needs improvement	Medium
Resilient communities	Strong sense of community	Needs improvement	Medium
Resilient communities	Valuing the voices of all cultures and ages (including children)	Needs improvement	Medium





Organisational Performance and Service Delivery

COUNCIL SERVICE DELIVERY

Highlights

The Long Term Plan sets the direction for all the activities and services the Council provides, and what level of service will be provided.

Each activity the council undertakes has a suite of levels of service, performance measures and targets that described what an activity will deliver.

Targets for activity levels of service adopted by Council through the Long-term Plan process, and are set to meet the strategic outcomes of Council.

Many of our regulatory functions are expected to be delivered to specific timeframes, which are set by central government. Council does not control this, nor the amount of requests for service we receive. Many of these functions are paid through fees and charges.

Things to consider

- Some of the actual results for 2019/20 were impacted by the COVID-19 lockdown period, such as the closing of facilities and non-delivery of anticipated programmes.
- Impacts of staff illness and staff turnover and recruitment challenges.
- Between 2019 and 2022, there has been a 6% decrease in employees at the Council.

Council Full-Time Equivalent Employees:

- 2022: 2,755
- 2021: 2,684
- 2020: 2,783
- 2019: 2,935

Long term outlook or questions

- How we can balance core council services and residents' expectations of these services, while keeping rates increases as low as possible.
- The government's reform programme has the potential to be disruptive to Council business (submissions, decisions, responding to change). This needs to be balanced with continued service delivery.
- Historically, the Council and residents have been reluctant to cut services.

Any major changes to levels of service must undergo adequate community consultation, under the provisions of the Local Government Act.

Additional information

Council provides a range of activities. Some activities are asset-based, such as water supply, wastewater collection, treatment and disposal, Stormwater drainage, flood protection and control works, roading and parks, and a number of facility-based community services (Libraries, Recreation and Sports, Art Gallery, Museums and community halls). Other activities provide programmes, activities, events and support for community services. Council also provides a wide-range of regulatory functions.

Each activity has a suite of levels of service, performance measures and targets that described what an activity will deliver. Targets for activity levels of service are adopted by Council through the Long-term Plan process, and are set to meet the strategic outcomes of Council.

Activities are funded variously by rates (including funding of contracts and ongoing maintenance for assets) and fees and charges, while replacing or building new assets is generally funded via debt. Servicing debt is a component of rates.

Levels of service generally cover the quantity, quality, compliance, effectiveness, efficiency and customer

satisfaction of the activity, with regular reporting (monthly/annually) providing a rounded view of performance to management, elected members and the community.

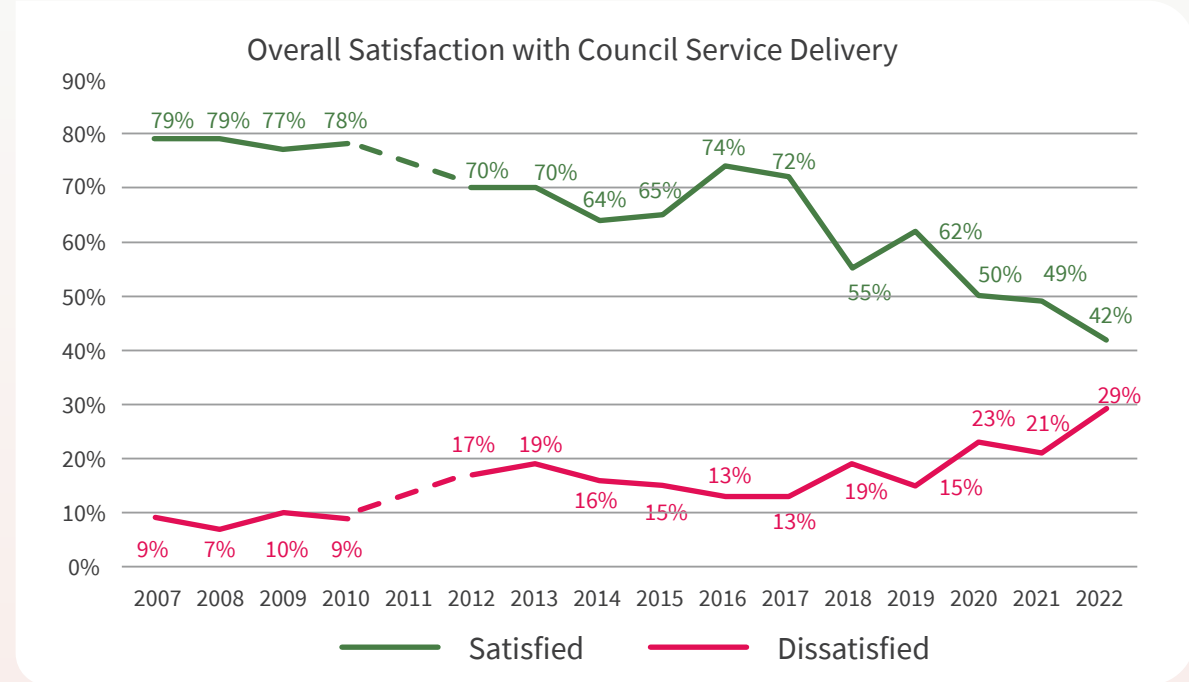
Changing LOS targets may or may not directly impact the rates charged. For example, adjusting a satisfaction target up or down will not directly impact the service delivery (actions, events, programmes, maintenance) staff are asked to deliver. Also, if a maintenance contract has been awarded for a period of time (for instance 2-10 years) if changes are made to levels of service targets then the contracts, and the specifications and financial aspects of the contract, will need to be renegotiated, which may come at a cost to break the contract.

Many of our regulatory functions are expected to be delivered to specific timeframes, which are set by central government. Many of these functions are paid through fees and charges.

As the levels of service and targets have been adopted (both the target and funding) through Council, most changes to targets would need to be consulted with the community.



RESIDENT SATISFACTION



Highlights

Every year we ask our residents how satisfied they are with a range of our services. Our Residents Survey highlights areas where we are performing well and where we need to improve.

The 2021/22 Residents Survey saw two thirds of our services meet their Long Term Plan targets. The highest satisfaction services continue to be:

- Walk in customer services
- Libraries
- Education programmes
- Hagley Park, the Botanic Gardens and Mona Vale.

As with previous years, there is still dissatisfaction with services such as roading, water supply and Council decision making and financial management.

Additional information

Resident feedback consistently highlights that getting the basics right is going to be critical to lifting the continual decline (32 percentage points over 7 years) of the resident overall satisfaction score since 2016.

Several things have a role to play in lifting resident satisfaction, including delivering levels of service to target and delivering capital works on time and on budget. Feedback received during consultation on the 2021 LTP highlighted the need for Council to understand the services that our residents value and ensure that we can continue to deliver these services.

Things to consider

- Effective and ongoing communication with residents will continue to play a critical role in our residents' satisfaction.
- We need to make sure that we are hearing for our diverse communities, including multi-cultural communities and young people.
- It is important to continue strengthening our customer service culture and engaging in a process of continuous improvement where resident feedback is the basis for considering what we could do differently and better.
- Resident dissatisfaction is highest for services that require the most capital to address – core infrastructure (eg. roads, footpaths, etc) – this poses challenges at a time when we also need to be considering the rising cost of living and the impacts of rates increases on household in the city.

Long term outlook or questions

- Overall satisfaction with Council performance has shown a continuing downward trend since the 2010 & 2011 earthquake sequence.
- Our core infrastructure and essential services were a key focus in the Long Term Plan 2021 – 2031. This increased investment should start to have an impact over the coming years.



CAPITAL PROGRAMME

Highlights

Our priorities for the capital programme are to:

- Maintain and renew our water supply and stormwater infrastructure.
- Improve our roads and footpaths.
- Maintain our parks and riverbanks.
- Complete the Major Cycle Routes.
- Build new facilities that meet community needs.
- Adapt to climate change.

Our capital programme is funded by a range of funding sources: Crown contributions, subsidies and grants, development contributions, proceeds from asset sales, rates and debt.

Additional information

Included in the LTP capital programme are Crown revenues of \$286.9 million comprised of Canterbury Multi Use Arena contributions (\$55.9 million in 2021/22 and \$141.8 million in 2022/23), Shovel Ready revenues (\$73 million spread from 2021/22 – 2024/25), and Water Reform revenues (\$16.1 million in 2021/22).

The 2021-2031 Long Term Plan (LTP) details the planned capital programme for the next 10 years.

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 a total of \$5.8 billion over the 10 year LTP period which is \$1.4 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.

The 2022/2023 Annual Plan outlines investment of \$578.3 million in the capital programme for the year, a decrease of \$109.5 million from that shown in the LTP (largely due to the re-timing of projects, including Te Kaha).

The capital programme is funded by Crown recoveries, subsidies and grants for capital expenditure, development contributions, the proceeds of asset sales and debt.

Things to consider

- What will the capital programme look like in the context of Three Waters reform?

Long term outlook or questions

- Impact of Council decision to increase the budget for Te Kaha arena to \$683. This could affect aspects of the capital programme.
- Continuing supply-chain issues, cost escalations, inflation, skills shortages and other global events may impact our ability to deliver planned projects on time and within budget.



COST OF DOING BUSINESS

Highlights

Inflation in New Zealand rose to a multi-decade high of

7.3%

in the June 2022 quarter.

The Reserve Bank increased the official cash rate to

3.5%

in October 2022 in response to rising inflation.

In the year to March 2022 private sector wages increased by 3.1% over the year while public sector wages increased by 2.7%.

The construction industry has seen significant cost increases over the last 24 months, driven by increasing labour and material costs.

Wage inflation is at its highest level since the March 2009 quarter.

OCR forecast to peak at 4.1% by mid-2024.

Suppliers are limiting their risk and exposure to a volatile market by providing pricing with very short-term validity, increasing our risk of project costs escalating over the lifetime of a project.

Additional information

Current levels of inflation are being driven by a very tight labour market, persisting global supply chain challenges and rising global energy prices. Wage growth is strengthening, driven by record low unemployment, but is still falling short of inflation.

While public sector wage growth continues to lag behind that of the private sector (Labour Cost Index, StatsNZ) it is likely that there will be continuing impacts on staff retention and challenges when trying to attract talent into the public sector.

* The LCI adjusts for changes in employment quality. Therefore, employees receiving promotions or moving to different roles do not affect this measure of wage inflation. (SNZ)

There is strong competition for talent from the wider public sector. With government reform programmes expecting to continue ramping up through to the 2023 election, it is unlikely that this demand and competition will subside in the coming months.

Public Services Commission data shows that the total public service workforce (excluding local government) headcount increased by around 4000 between 2020 and 2021. Over the same period the gender pay gap reduced by one percentage point from 9.6% to 8.6%. (Canterbury figure)

Things to consider

- The cost of addressing wage growth challenges will need to be balanced with the risk of not addressing them, which could have significant impacts on our ability to continue delivering services.
- Our suppliers and contractors are likely to have a limited appetite for taking on additional risk related to increasing labour costs, material costs, and operating costs. This may have an impact on how we do business.
- Likely to be continuing competition for talent and in demand skills in the short-medium term.
- Need to consider the long term debt position of the council

Long term outlook or questions

- The latest NZIER Consensus forecasts project a downward trend in the economic growth outlook over coming years. A sentiment that is being echoed by a range of economic commentators and experts.
- Generally, predictions indicate that we should expect weaker activity across most sectors from 2023.
- Annual GDP growth is expected to fall to below 2 percent for the year to March 2024 before recovering slightly in the subsequent year (NZIER).
- The Reserve Bank has signalled that the current economic outlook means that higher interest rates will be needed over the coming years.
- It should be expected that at some point in the medium-long term increases to the OCR are likely to lead to changes in the cost of borrowing.
- While the structure of our borrowing will limit the immediate impacts of changes to the OCR, there may be some impacts across the period of the LTP.
- As the challenges associated with record high inflation continue, we are likely to see households and businesses being more cautious with their spending. It is likely that this will result in reduced household spending and business investment (NZIER).



