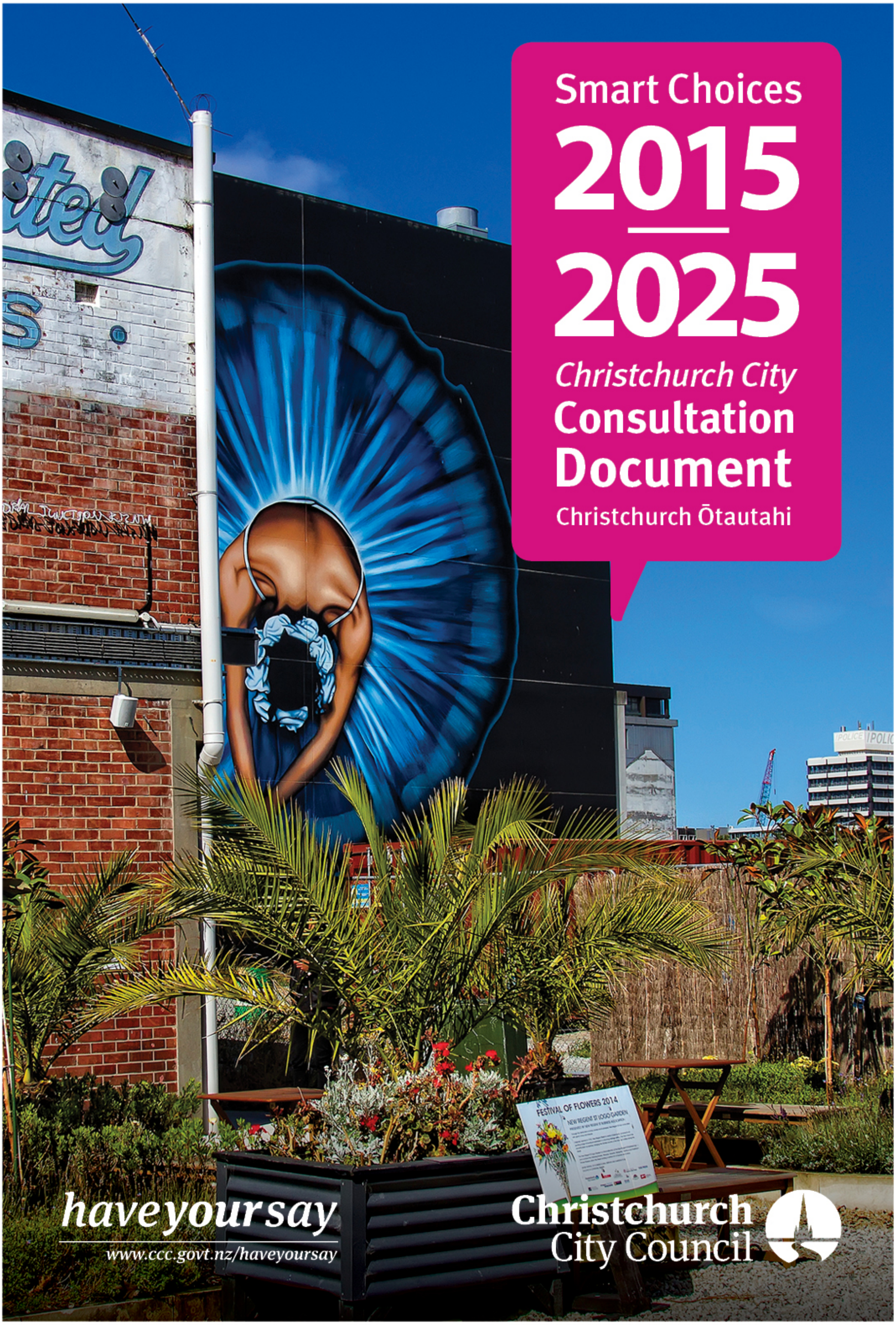

Smart Choices

2015 – 2025

Christchurch City

Consultation Document

Christchurch Ōtautahi

haveyoursay

www.ccc.govt.nz/haveyoursay

Christchurch City Council

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From The Mayor

Building Resilience - from Recovery to Regeneration, Christchurch 2015 – 2025

Life was very different when the Council last issued a Long Term Plan. It was 2009 and the 10-year horizon was 2019, with the next 10-year review scheduled for 2012. But within 18 months of its completion, all the assumptions on which it had been built were turned upside down.

The Canterbury earthquake sequence, beginning on 4 September 2010 and followed by thousands of aftershocks, the most devastating of which was on 22 February 2011, changed our lives and our city forever. There were 185 people killed, hundreds seriously injured and the damage to our homes, buildings and underground infrastructure was catastrophic.

The overall cost to the public and private sectors (including insurance recoveries) of getting the city back on its feet is currently estimated at around $40 billion. And it will take years.

Developing a Long Term Plan that captures the scale of investment required without the security of knowing the true costs of the repair to systems, services and facilities is challenging. And it is made all the more so because we still don't know how much we will finally receive from our insurers or what additional external financial support we may be eligible for.

The previous Council, with the agreement of the Government, produced an unaudited Three Year Plan 2013-16 instead of a standard Long Term Plan. This was sensible in a non-'business as usual' environment, but it created additional risks. Among these were a number of financial assumptions about the size of our insurance payout and our ability to trim nearly $400 million from the cost of repairing our infrastructure – both of which have proved overly optimistic.

These are among the reasons we must now consider a much bolder approach to resolving our financial situation. This means we will have to employ all the levers we have at our disposal: increasing rates, reducing expenditure – capital and operational – and releasing capital from our assets.

The single most important issue we want your feedback on right now is our proposal to find more capital by either wholly or partially selling some of our assets.

The consultation questions on page X about our proposed Financial Strategy are intended to help us have an informed discussion about the options for funding the rebuild of the city and the trade-offs involved – remembering that until we solve our financial challenges we are not in a position to plan with confidence for the future.

In developing our proposed Financial Strategy we been extremely mindful of what is affordable. Many people still face a lot of challenges in their personal lives – EQC and insurance being at the forefront for those not yet resolved – and rates increases are particularly challenging for those on fixed incomes who don't all qualify for rebates.

And it's important we remember that the cost of the recovery and regeneration must be shared fairly between present and future generations of citizens and businesses.

I also want to stress that the budgets and plans supporting this document need to be regarded as a starting point for a conversation that will evolve as we progress along what will be a longer journey to build resilience.

I’ve described this as a journey from recovery to regeneration – capturing both restoration and new growth.

We can refresh and review this plan every year and make changes in a way that will be as evolving as our city.

In the interim I want you to know that we will explore all opportunities for savings and new ways of operating, which can produce efficiencies at the same time as increasing benefits to the city.

One example is a proposal we are investigating to develop a Council company, to inherit the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Alliance approach for the future maintenance, repair and renewal of the horizontal infrastructure. It could be expanded to include the land drainage network.

Another example is establishing a Development Authority, which we will be consulting on soon, so we can get the best regeneration opportunities for our central city and suburbs.

As a Council we are grappling with far-reaching decisions about what is in the city’s best long term interests. It involves difficult trade-offs. We don’t always agree, but we are united in our commitment to our city and its future.

Now we need to know whether the people of Christchurch endorse our approach and will entrust us to get on with the job we came to do – getting the city back on its feet.

We have a chance in a lifetime to turn what was a disaster into the opportunity to create a smart, green, liveable, sustainable, world-class city as we dreamed in Share an Idea.

It is time to have your say and help us make the right choices – the smart choices – for now and for the future.

Lianne Dalziel
Mayor

How to join the conversation and help us make *Smart Choices*

Last October and November our Councillors and Community Board members took time to drop in at weekend markets, fairs and galas, malls and supermarkets to chat with people about some of the issues and financial challenges facing the city.

During those conversations we heard what people's priorities are for the recovery of the city. This helped us shape the proposed 2015-2025 Long Term Plan.

This document sets out our proposals for what the Council plans to do over the next 10 years and how we will pay for this. If you want to know more about what's proposed, go to www.ccc.govt.nz or pick up information from Civic Offices, libraries and Service Centres. We will be holding public meetings in local communities in March and April which will be hosted by Councillors and Community Board members.

It is vital we hear from all parts of our community because the decisions we make this year will have a significant impact on every person who lives in Christchurch - now and in the future.

The Council will not be making final decisions about the Long Term Plan until we have heard what you think of our proposal. The final Plan needs to be adopted by the end of June.

You can have your say at www.ccc.govt.nz from 17 March to 20 April, or by writing or emailing us a submission.

Where does the Long Term Plan fit in?

Every local authority in New Zealand is required to draw up a Long Term Plan. The plan is like a "statement of intent". It explains what services and projects a council will provide, why, and how they will be funded. Councils prepare a Long Term Plan every three years. Each Plan projects funding for 10 years and beyond, but, in recognition that community needs and a council's financial position may change over time, the Plans are renewed every three years. In the years in between, councils prepare an annual plan, which outlines any changes from its Long Term Plan.

This planning process allows Council to take a long-term view of its responsibilities while at the same time remaining responsive to changing financial and other factors.

By law, the Mayor must lead the development of the Council's Long Term Plan.[1] It is then considered and debated by all the elected representatives before the full Council decides whether or not to adopt it. In practice, the process is very collaborative and involves hundreds of hours of meetings and discussion between Councillors, the Chief Executive Officer, the Chief Financial Officer and staff.

Residents also have a vital role to play in the process. All councils must consult the public over their Long Term Plan and give people a meaningful opportunity to influence this plan through a formal consultation process.

But it is important to remember that the Long Term Plan is a statement of intent. It is not a binding contract, but we do have to demonstrate that it is affordable. The fact that a project (such as a new swimming pool or car park) appears in the Long Term Plan does not mean it will necessarily happen. Like any good business, the Council must constantly review its plans, and make sure they remain appropriate – and affordable. This is why the Long Term Plan is renewed every three years to take account of changing city issues and priorities.

The unique circumstances in which we find ourselves as we prepare to consult on the city's first Long Term Plan since the earthquakes, means it is particularly important to bear in mind our responsibilities to take a long term view. Recovery from a natural disaster on the scale this city has experienced requires a long-term view, both in terms of being realistic about the timeframes within which the work programme can be delivered, but also in ensuring that it is affordable and that the costs are shared equitably across present and future generations of ratepayers and businesses.

It is therefore important to understand that the 2015 -2025 Long Term Plan is a starting point for the Council and community to jointly define the priorities and vision for future Christchurch.

What must the Long Term Plan include?

The Local Government Act 2002 specifies the evidence and information that a Long Term Plan must be based on. It must include two key planning strategies: the Financial Strategy [link] and the Infrastructure Strategy [link].

The Financial Strategy sets out how the Council will fund both its programme of major works, such as new or renewed community facilities (the Capital Works Programme). The Infrastructure Strategy explains how it intends to provide for, and manage, its core infrastructure (water supply, wastewater, stormwater, flood protection works, roads and footpaths).

The information in this Consultation Document is based on these two key

1. Our Proposals at a Glance

The Council's most important challenge over the next 10 years and beyond is helping to fund the rebuild of the city.

This means continuing to work on returning our roads and water, wastewater and land drainage to an acceptable level, and providing the community with the facilities and services they expect. Beyond that, it means taking the opportunities the earthquakes have given us to invest in and transform our city - building resilience into our infrastructure, communities, environment and economy.

We have a funding shortfall of $1.2 billion – caused by increased borrowings after the earthquake to fund the recovery and higher infrastructure costs.

We propose a **Base Case** package of ways to address this shortfall and to continue to fund the rebuild:

- Releasing $750 million in capital by selling shares in some or all of the companies owned by the Council through Christchurch City Holdings Ltd (CCHL)
- Increasing rates by 8.75 per cent, 8.5 per cent, 8.5 per cent and 7.5 per cent over the next four years
- Reviewing the Council's programme of major works (capital programme)
- Looking for further savings in the way we operate our services
- Managing our debt prudently.

This will allow us to balance our books and make sure we can drive on with important projects that help our city recover and regenerate:

- Building a sustainable transport network (more on pages XXX)
- Restoring our facilities, contributing to the Anchor Projects, improving housing affordability and recovery (more on pages XXX)
- Restoring and renewing our water wastewater and stormwater networks (more on pages XXX)
- Protecting people and property from natural hazards and the effects of climate change (more on pages XXX).

On the way, we propose taking some transformational opportunities, so that we can build back a better city for us all:

- Regenerating and developing the residential red zone (page X)
- Creating a world class network of cycleways; and a shift in the travel options available to people, (page X) and
-
- Restoring the Avon and Heathcote rivers. (page X).

Questions for you to think about while you read the financial proposals.

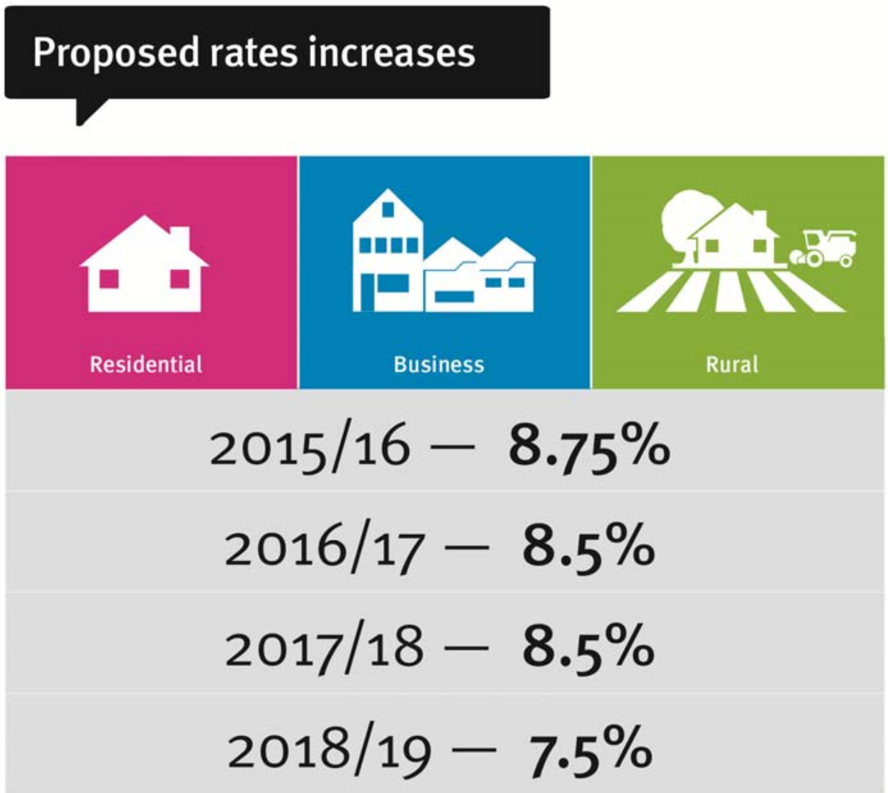
To help meet the funding shortfall we face, the Council proposes a mix of financial measures to ensure it can balance its budget. We need to fund the infrastructure repairs, run our services and facilities, support local communities, invest in new community assets, meet our cost-share agreement commitments and rebuild our city to be resilient for the future.

The key proposals:

- Increasing rates by 8.75per cent, 8.5per cent and 8.5per cent over the next three years
- Releasing $750 million in capital in companies owned through CCHL
- Prudent debt management

We are interested in your feedback as to why Council should or shouldn't own the assets in its current portfolio and whether Council ownership of the assets benefits the community over and above other alternatives.

What do you think about the Council's financial proposals? Are they the right balance between what we can all afford and what's going to bring the best outcomes for our city?"



Rateable property value	Residential		Business		Rural*	
	$	% increase	$	% increase	$	% increase
$400K	2,018	+8.0	2,817	+8.9	1,149	+7.4
$600K	2,889	+8.7	4,088	+9.5	1,603	+8.4
$800K	3,760	+9.2	5,359	+9.8	2,058	+9.0
$1m	4,631	+9.4	6,630	+10.0	2,512	+9.4
$1.5m	6,809	+9.8	9,807	+10.2	3,647	+10.0

** does not include water, sewerage, or drainage rates, but includes part waste minimisation rate*

2. The Next 10 Years

This document explains what the Christchurch City Council plans to do over the next 10 years and how we will pay for it. This Plan covers the things we need to do to help the city recover and grow, and the things we are legally obliged to do as local government. It also contains some of the things we want to do in order to make sure we build back a better city.

The affordability of our plans, and the trade-offs we need to make in order to pay for all the things we must – and want – to do is our single biggest challenge.

At the moment we face an estimated $1.2 billion funding shortfall. This shortfall hasn't arisen overnight, and is a combination of a number of factors, mostly earthquake-related.[1]

After the earthquakes the Council was borrowing on average $25 million a month to help finance emergency repairs. As the costs of the rebuild and recovery have mounted, Council has borrowed more to fund this work. Over the course of the next ten years we are committed to spending $2.2 billion to fund our share of the currently estimated $40 billion total cost of the earthquake rebuild.[2] This is in addition to the day-to-day costs of keeping the city running.

We must help fund the rebuild and regeneration of the city while at the same time ensuring the city remains affordable for those who live and do business here.

We need to strike a responsible balance between simply fixing what is broken and investing in new opportunities to transform Christchurch into a 21st century resilient city.

When we went out to talk to the community in late 2014 about the options for addressing our funding problem, we emphasised that there is no single solution. The Council is going to have to use all the levers available to it, including:

- Increasing income through rates and charges
- Releasing capital through selling (in part or whole) some of the companies it owns
- Cutting expenditure
- Reconsidering what big capital projects it undertakes and when.

We also talked to you about how the "new normal" post-earthquakes requires taking a different approach to some of the things the Council has traditionally done.

As we restore our earthquake-damaged pipes, our road networks and our community facilities, we also have the opportunity to think about whether we are doing the right things and in the right way.

Our city is changing – our population is growing, ageing and settling in new parts of the city [link to IS]. At the same time, thanks largely to the rebuild, we have welcomed new

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[1] The major drivers of the potential shortfall, which peaks in 2020, are:
additional land drainage costs as a result of the earthquake's effects on the land levels; the cost of improving central city access for cyclists, pedestrians, public transport users and motorists ; uncertainty over insurance recoveries; unrealistic assumptions that savings of $398 million could be made on the repair bill for horizontal infrastructure (roads and pipes); older pipes and roads needing earlier replacement because of earthquake damage; avoiding cutting Council services; additions to capital works programme to cover earthquake repairs and rebuilding.

[2] The Treasury's latest estimate of the total cost of the rebuild at the time of the 2014 Budget was $40 billion. At that time it was estimated that by 2018, $15.4 billion would be contributed by the Government, including $7.3 billion incurred by the Earthquake Commission, net of reinsurance proceeds.

migrants. Our population is growing by around 5,000 each year since the earthquakes.[3] We want to make the city an affordable and attractive permanent home for skilled workers. This will help sustain the city and region's economic and social recovery.

Our physical environment is changing. The predicted climate changes will mean more frequent and intense weather events which, when combined with sea level rise, will increase the risks of flooding across the city. They will have significant effects on coastal communities.

These sorts of issues prompt us to ask: even if we could afford to, is repairing everything that was broken and getting back to the way things were before the earthquakes the right answer?

This far-reaching question invites us to consider, as a community, what value we place on transforming our city as opposed to gradually returning it to the position it was pre-earthquakes – and how we can pay for that.

We need to think creatively about the role of local government, communities and individuals in shaping our environment and redefining our city.

We need to hear what you think about these issues.

[3] In January 2015 just over 1000 permanent and long term migrants (which includes people from overseas arriving to live in New Zealand for 12 months or more and New Zealanders returning after an absence of 12 months or more. This pushed the annual rolling total up to 5,306 – a record high for the city.

Our approach

In the four months since we have talked with you, we have continued to work on strategies and options that will allow us to fund our share of the rebuild, and meet our legal obligations by carrying out what we need to do as a local authority and balancing our books.[4]

This has not been easy. Despite the exhaustive independent reviews of the Council's financial position undertaken in 2014, there are still some significant gaps in what we know about the true costs of the repair and rebuild, and what additional funds might be available to help us meet these costs.[5]

Like a number of our city's homeowners, our insurance position is still unclear. We still don't know how much we will receive of the budgeted amount for insurance recoveries that we included in the Council's 2011 Three Year Plan. However, we do know that the assessment of damage has increased the claim to over $1 billion. This creates real challenges for planning the best way forward.

We also have uncertainty around what the final bill for fixing our roads and drainage systems and underground pipes will be.

There is a lot of uncertainty about the amount of damaged underground infrastructure which will still require repair by the Council when the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) finishes its programme of work in 2016 (see page X). Some of this infrastructure will by now have a reduced remaining life.

But we do know that the financial constraints applied to the SCIRT programme mean that while the parts of the city's infrastructure that have been replaced are now in much better condition than pre-2010, some will be returned to the city in a worse condition than pre-earthquake and will have a reduced remaining life. [link to IS]

This could have a major impact on the Council's capital and operational spending over the next 30 years. And we are not yet in a position to know what further funding Council may be eligible for from the Crown.

Because there remain so many unknowns – including what you, the residents, of our city want – we are describing the proposal we outline in this document as the Base Case. Essentially, this proposal sets out how we can meet our legislative requirements and do what we think is critical to the rebuild.

However, it contains some risks in the way we will need to manage our city assets within financial constraints. And it also falls short in some instances of our vision and desire to build back better.

The Base Case Trade-offs

Our funding shortfall and the pressure it puts on our budgets means it has been difficult to balance repairing, rebuilding, and investing in new assets while we drew up the Base Case. The timing of our big building and infrastructure projects – and how long we take to complete them – also had to be considered.

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[4] As we are required to do sections 100 and 101 *Local Government Act 2002*.

[5] See Financial Strategy link for more detail on the outstanding unknowns and assumptions that we are drawing on.

We plan to defer some spending and projects. This is not necessarily the best outcome for the city in terms of resilience, but is what we can afford.

But even with such compromises we will still need to draw on every available source of income (and review all spending) to bridge the shortfall and deliver a balanced budget.

Have we come up with the right solution?

On page x of this document we explain in plain language the proposed Financial Strategy adopted by Council on 26 February 2015. [link to resolution] This strategy uses a combination of levers, or ways, to meet the funding shortfall so that we can pay for the work programme and balance our books. The levers are a mix of rates and fees increases, managing our debt, freeing up capital from our assets, and reviewing spending on major projects and operational costs. (page x.)

It's important to remember these levers are all linked. For example, if we were to raise less revenue from rates than planned under the proposed Financial Strategy, then we will have to draw more heavily on one, or a combination of, the other levers. For example:

- Find even more capital
- Remove or push out the timeframes for some of the big capital projects on our work programme
- Find greater operational expenditure savings, and/or
- Change what activities and services we deliver and how we deliver them.

Borrowing more is not an option.

Are there limits on what choices we have?

It's important to understand what limited choice and discretion the Council actually has about what services we provide and how we deliver them.

Much of what the Council does and spends money on relate to our responsibility to provide core services to our community. These include a transport network, libraries, parks and recreation facilities, waste collection, a safe and reliable water supply and protection against flooding and other natural hazards.

Other laws and regulations set rules about how we deliver these services – a city's drinking water, for example, must comply with the National Drinking Water Standards for New Zealand.

We also have financial obligations under our agreement with the Crown about the repair of the city's earthquake-damaged roads and pipes and the delivery of the Anchor Projects under a Crown/Council Cost Sharing Agreement signed in June 2013. [link]

While we are currently talking to the Crown about changes to the timing and delivery of some of the Anchor Projects, we are bound by these contractual agreements and can only postpone a project with the Crown's agreement.[6]

[6] For planning purposes we have assumed the Stadium will be completed towards the end of this Long Term Plan. The decision to delay the building of the Stadium was used to assist the Council's capital expenditure profile and avoid additional expenditure during the most constrained years. The Council is currently in discussions with the Crown to enable mutual agreement to be reached on the delivery timetable.

Under normal circumstances a council might have one or two major issues looming on their medium to long-term horizon: perhaps a new water treatment plant or a major capital investment in a transport project. But it is safe to say nobody could have imagined that a local authority would be consulting its residents over the priorities and trade-offs it faces as it helps to rebuild an entire city centre and repair so much of its infrastructure.

We are very clear that the single most important issue we face as a Council is funding the rebuild and future of our city. In Chapters 2 -5 of the document we outline what we consider to be the things the Council must focus on if is it is to do the things it needs to do by law as a local authority and play an effective role in the recovery and transformation of the city. But for reasons we outline on page x, we know this work plan will be subject to major changes and for this reason it is simply not practicable or meaningful to provide multiple options for each element of the infrastructure strategy or capital works programme. We will be in a better position to provide that sort of specificity when we come to consult on the 2016–17 Annual Plan.

We are not tackling these hugely complex and challenging issues and decisions alone though. Over the past four years the Council has worked closely with its recovery partners to both fund and carry out the recovery rebuild. Those partners are the Canterbury Earthquake Recovery Authority, Ngāi Tahu, Environment Canterbury (ECan), the New Zealand Transport Authority (NZTA), and neighbouring local authorities, Selwyn and Waimakariri District Councils, supported by the Stronger Christchurch Infrastructure Rebuild Team (SCIRT).

These partnerships will continue. But as we move into the next phase of the recovery the Council will increasingly resume responsibility for leadership of the rebuild, its infrastructure and for financing the city's future growth.

As the elected representatives we have also chosen to include in this document what we regard as three transformational opportunities which have presented themselves in the aftermath of the earthquakes: [page refs]

- The regeneration and development of the residential red zone (page)
- The creation of a world-class network of cycleways; and a real shift in the travel options available to people; (page) and
- The restoration of the Avon and Heathcote rivers. (page)

As outlined later in this document, some money has been assigned to these projects in the 10-year budget. However there is the potential to set more ambitious goals if the community believes this is justified and is willing to invest more – or accept some other trade-offs. We want to know what you think about these "transformational" opportunities.

What has changed since the last Long Term Plan?

Our population and environment has changed significantly since the last Long Term Plan in 2009.

The city's population of 360,700 is expected to grow by around 63,000 people between 2015 and 2046, reaching a total of 424,000. The proportion of people over 65 will grow from around 15 per cent of the total population now to 26 per cent by 2046. This affects the number of houses that will be needed because older adults typically have fewer people living in each house. We expect the total number of households to grow by about 54,000, to 189,000 between 2015 and 2046.

As a result of the earthquakes there have been significant shifts in where people are living and we expect this to continue. While there has been a considerable loss of population from eastern suburbs, new developments to the north and south-west of the city have grown - a trend likely to continue for some time.

Along with the extensive damage to the city's roads and underground pipes we need to replace other ageing infrastructure. Some pipes and roads in suburbs built in the 1950s and 1960s are nearing the end of their lives.

Climate change will affect many communities in New Zealand. Christchurch can expect heavier and more frequent rainstorms and a sea level rise of as much as a metre over the next century.

How we will manage the uncertainties and risks

1. Management of our major works' programme

We propose an ambitious spending programme to rebuild or repair our infrastructure and facilities. However, we have had to assume that both the Council and the local construction industry will have the capacity to deliver this. This creates a risk for Council to deliver projects in a construction market that is already at full capacity and where the potential for further price increases will need to be carefully managed. Failure to deliver this programme as planned will mean further delays in restoring our infrastructure.

Mitigation: We propose to constantly review our major works and facilities (capital) programmes to ensure that, where we can, we match these with the capacity of the market to deliver. The Council will also be reviewing its own in-house ability to ensure that it has the right skills to deliver this significant works programme.

We are investigating options to establish a Council-owned commercial entity to continue the infrastructure rebuild after 2016. This will put in place a more competitive approach to the delivery of the infrastructure works programme.

2. Getting best value from our assets

To deliver our plan, we assume we can sell $750 million worth of shares from our investment arm, Christchurch City Holdings Ltd's (CCHL) portfolio. This assumes that the Council is able to identify strategic partners who are interested in investing this amount for the CCHL assets. It also assumes that the community supports the Council's proposal to sell some of its assets.

Mitigation: The Council is working with expert advisers and CCHL to determine the optimal parcel of shares that is of maximum benefit to the Council and is commercially attractive to strategic partners.

Depending on the strategic, financial and political acceptability of the options available to find $750 million, we may have to draw more heavily on one, or a combination of, the other levers: i.e. remove and / or push out the timeframes for big capital projects on our work programme; find greater operational expenditure savings, find additional revenue, and/or change what services we deliver and how. Borrowing more is not an option.

3. Insurance proceeds remain uncertain

The estimates of insurance proceeds contained within the draft Long Term Plan reflect the best advice the Council has received to date. Not all cases have been agreed with the Council's insurers and staff are continuing to work with the insurers to present and settle claims.

Mitigation: If the Council receives less than is expected from insurance then the shortfall will need to be funded by greater operational expenditure savings, finding additional revenue, and/or changing the services we deliver and how. Borrowing more is not an option.

4. Uncertainty on further Crown contributions

Based on the provisions of the Cost Sharing Agreement, the Council has reasonable expectations of further discussions with central government on their contribution to the rebuild of horizontal infrastructure in Christchurch. This is currently the subject of an independent review.

However, in accordance with the relevant financial reporting standards, the Financial Strategy has been based on the known level of Crown Contribution.

Mitigation: The Council is currently working with the Crown on an independent review of the costs of the infrastructure repairs through the Cost Sharing Agreement.

5. Uncertainty about project costs and accountabilities

We are still uncertain about the scope and costs of the remaining infrastructure repairs we will have to take over once SCIRT finishes its work in 2016. We have also had to assume that a number of roads and trunk mains within the residential red zone will remain and will require ongoing servicing by the Council.

There is uncertainty, too, about the costs of carrying out the work for the Land Drainage Recovery Programme (LDRP). [link to LDRP] While $315 million has been budgeted over the next 10 years for selected projects which will provide the most benefit, it is possible that the entire Programme could cost as much as $1.6 billion over 40 to 50 years if all projects were included.

Mitigation: The Council will continue to review the business cases for these critical projects to refine the scope and costs.

6. Asset valuation data

The Council's asset valuation data for some assets is currently out of date and condition assessments incomplete. This could impact on the Council's ability to accurately value assets and capital expenditure.

Information about the condition of some of our infrastructure assets is also incomplete.

Mitigation: SCIRT has carried out extensive condition assessments of earthquake-damaged infrastructure. Once we have this information, we will have a much clearer understanding about the condition of our infrastructure assets.[7]

7

- Asset classes were unable to be revalued after the earthquakes either because we could not identify the extent of the damage or in the case of land and buildings there was no active market. We have been progressively revalued the assets starting in 2014 with water supply asset and the remaining major classes (land, buildings, wastewater and

7. Deferred renewals create ongoing risks and costs

The Council proposes a programme of renewing roads, water supply, wastewater, stormwater and flood protection infrastructure that is expected to cost $1,066 million. We believe that the programme of renewing infrastructure cannot be reduced any further without seriously compromising its condition. This is because many assets, while not requiring immediate repair, now have much shorter lives due to unrepaired earthquake damage.

In addition, while the replacement of broken underground pipes has increased the life and resilience of much of our network, financial constraints mean SCIRT is now repairing rather than replacing certain assets, meaning that many of the city's roads and pipes will need to be replaced sooner than was originally thought.

Delays in renewing roads and pipes result in much higher ongoing maintenance costs. It can also make it harder for the Council to meet its agreed service levels for some core services, such as providing continuous water supply.

Mitigation: As the Council's finances improve, or we receive additional funding, projects that have been deferred in this Long Term Plan will be prioritised with funding identified to ensure that the most critical projects and brought back in to the Long Term Plan.

8. Conservative growth assumptions

The Council has made some assumptions and forecasts about population growth and commercial development for the next 10 years. This is so that we know how many existing and new businesses and homes will be paying rates and needing services such as water. We have taken a conservative view of growth but we may find that the number of commercial and residential ratepayers is restored more quickly that we had planned.

Mitigation: We will continue to review our growth assumptions to ensure that we have the most accurate view of population and business growth, on which rates are based.

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roading) will be revalued as at 30 June 2015. The remaining non-material asset classes will be revalued in 2016 therefore no material departures are expected for the period of the Long Term Plan

- PBE IPSAS 17 requires the Council to review the useful lives and residual values of its assets annually and undertake revaluations on a regular basis. Since the earthquakes the Council has been unable to comply with this requirement but no material departures from the standard are expected for the period of the Long Term Plan.
  It is expected that the Council will be in full compliance with PBE Standards from 2016 onwards.
  All of the above have flow on effects to the financial statements as depreciation and asset carrying values have been understated.

Over the next 10 years we will spend $10.4B (excluding housing)*

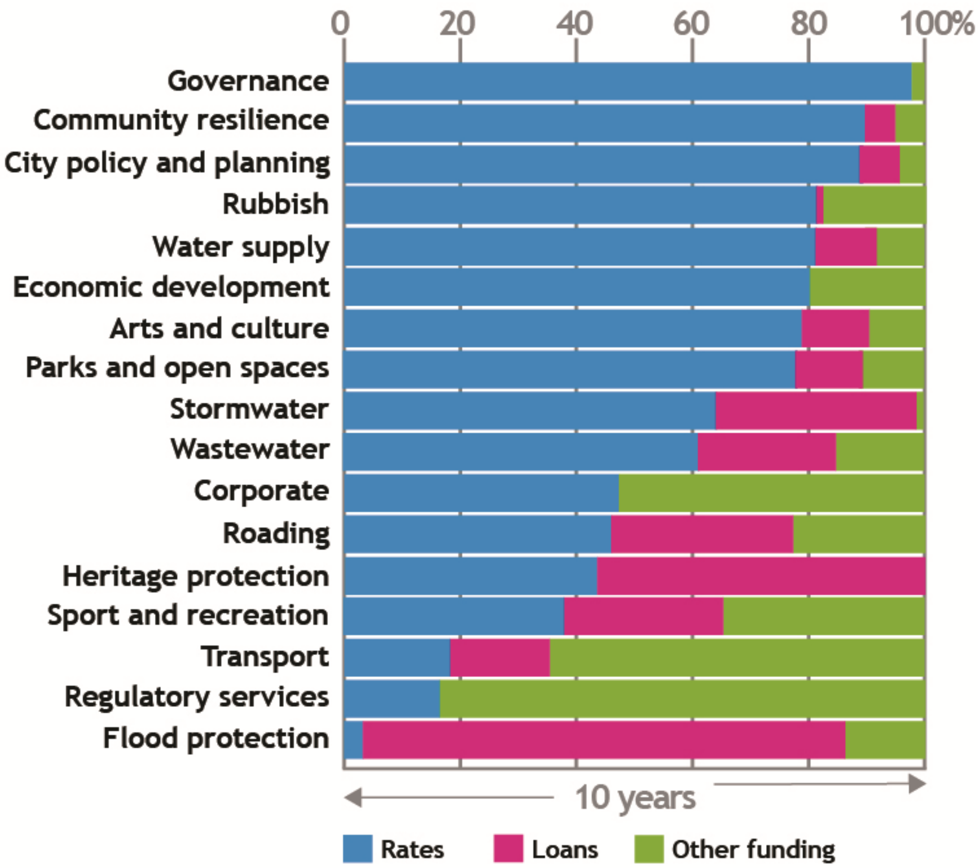
Roading	$1,689m	16%	Roads, footpaths, street lights, bridges
Wastewater	$1,032m	10%	
Water supply	$516m	5%	
Rubbish	$484m	5%	Refuse collection, recycling, landfill costs
Flood protection	$444m	4%	
Stormwater	$347m	3%	
Corporate	$915m	9%	Rockfall work, property and investment in Council Controlled Organisations
Sport and recreation	$882m	8%	Swimming pools, recreation and sport centres, playing fields
Libraries, arts and culture	$786m	9%	Art gallery, museums
Parks and open spaces	$412m	4%	Neighbourhood, regional and heritage parks, Botanic Gardens, cemeteries, rural fire fighting, jetties and environmental education
Regulatory services	$630m	6%	Building consents, parking enforcement, dog and noise control, alcohol licensing
Transport	$445m	4%	Bus shelters and passenger lounges, cycleways, car parking, transport operations and education, jetties and wharfs
Governance	$262m	3%	Council and Community Board meetings, hearings, elections, public consultation
Community resilience	$327m	3%	Community facilities and grants, customer services, civil defence, rural fire, events and festivals
Economic development	$104m	1%	Canterbury Development Corporation, Christchurch and Canterbury Tourism, city promotions, international relations, venue management (Vbase), civic events
Interest	$888m	8%	
City policy and planning	$138m	1%	District plan, environmental, urban and transport planning
Heritage protection	$77m	1%	

* operational and capital spending

Our income

Of the $10.4 billion (excluding housing) needed to fund the city over the next 10 years, $5.6 billion will come from rates, $1.3 billion from borrowings and $3.5 billion from user charges, fees, rents, subsidies, insurance proceeds and dividends.

This includes $750 million the Council is proposing to raise by releasing capital through the sale of some of its commercial assets.



3. Funding our Proposal

The most important challenge the Council faces is helping to fund the rebuild and regeneration of the city while at the same time ensuring it remains affordable for those who live and do business here.

We have an estimated funding shortfall of $1.2 billion. This shortfall hasn't happened overnight, and is a combination of a number of factors, mostly earthquake-related (see page xx)

A draft Financial Strategy [link] has been developed that will allow the Council to address these serious financial challenges. It will also allow the Council to continue to repair, restore and improve our core infrastructure (our roads, waste and water pipes), repair and reinstate community facilities and where possible, invest in new civic assets.

The Financial Strategy has been designed to strike the right balance between:

- starting to rebuild financial resilience and sufficient reserves so that over time the city could respond to another disaster event
- provide certainty to the community that the Council has sufficient funding to provide essential services and continue with the rebuild
- what is affordable for the city and ratepayers.

The Financial Strategy has also been designed to meet the Council's legal responsibilities under the Local Government Act to:

- deliver a balanced budget. All councils must be able to show they can "balance their books" – their income and expenditure in each of the 10 years on the Plan (unless there is an exceptional reason not to do so, and
- Prudent financial management.[8]

It is important to remember that there are still a lot of uncertainties about the Council's financial position– both in terms of what we are going to have to spend and how much money we will have. This proposal needs to be seen as a starting point for the conversation rather than an end point.

Our Financial Strategy needs to be read in conjunction with our Infrastructure Strategy [link], and our Capital Programme. Together, these detail the planned work programme for all the major assets we are going to repair, renew or build in the central city and local communities [link].

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[8] The Council considers this proposed financial strategy is prudent; based on the balance we have reached to solving for the potential funding gap, the outcome of our approach, and the flexibility that is retained. We remain within our most important financial benchmarks such as the 250% limit for net debt to revenue; we have adequate borrowing headroom to cope with reasonably sized unforeseen events in all but one year and we have a balanced budget in all but four years, 2020-2023, where the planned revenue falls short of expenditure by 3% in 2020, and 1% for the other three years.

With respect to flexibility, we have achieved prudence through retaining some additional levers i.e. based upon our proposed Financial Strategy we expect to remain with a portfolio of commercial assets worth around $750 million. Therefore, if faced with additional costs we could release further value from these commercial assets. If needed, we also have the ability to defer elements of the capital programme for short periods of time.

We are also continually increasing our insurance cover as our asset condition improves. This reduces the potential call for additional funding and underlines the prudence position reached above.

Our Proposed Approach

We propose to address the $1.2 billion shortfall and to continue to fund the rebuild by: [link to council resolution]

1. Releasing $750 million in capital by selling shares in some or all of the companies owned by the Council through Christchurch City Holdings Ltd (CCHL)
2. Increasing rates by 8.75 per cent, 8.5 per cent, 8.5 per cent and 7.5 per cent over the next four years
3. Reviewing the Council's programme of major works
4. Reviewing the Council's operational spending
5. Managing debt prudently.

1. Releasing capital

The Council proposes to release $750 million in capital by selling part of the companies it owns through Christchurch City Holdings Ltd (CCHL). These are Christchurch International Airport Ltd, Lyttelton Port Company Ltd, Orion New Zealand Ltd, RedBus Ltd, City Care Ltd, and Enable Services Ltd and Eco-Central Ltd. We propose to do this as part of our responsibility to deliver a balanced budget.

All of these commercial assets are important to and add value to the city. In addition, Christchurch International Airport, Lyttelton Port and Orion New Zealand have significant strategic value to the regional economy.

However, we are asking, at a time of significant financial demand on the Council's budget, is it in the city's best interests for the Council to retain its current shareholding in some of these companies?

We are proposing that it is not. Lyttelton Port Company and the Christchurch International Airport operate in a competitive market, where private sector involvement is common. Orion New Zealand is required to operate within a strict statutory framework. The Council's influence is therefore limited.

The portfolio of companies has been built up over decades and has provided hundreds of millions of dollars in dividends to the Council. We could continue to own shares in these companies and receive income from them. Or, given our financial circumstances we could make better use of the investment we have. Divesting the Council's ownership in any or all of these companies will reduce the income we receive in dividends[9] but the sale of some of the Council's shareholdings in its companies will help address our financial shortfall and contribute towards the rebuild and recovery of the city.

We will only sell as many of the Council's shares in these companies as we need to meet the funding shortfall and/or to provide the most strategic benefit to the city.

[9] If the Council does sell shares in these companies, this will reduce future dividends to the Council from CCHL from about $46 million in 2015-16 to $23.6 million in 2017-18.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CCHL	$46 million	$25.1 million	$23.6 million	$27.2 million	$27.8 million	$27.4 million	$28 million	$34.2 million	$42.9 million	$45.1 million

We propose selling shares only to strategic partners who have the community's long-term interests at heart. We also expect these strategic partners will significantly add value to the Council's remaining shareholding through their own commercial links and expertise.

In addition, before proceeding with any proposals to sell, we will get the best possible information and advice about the implications of this, including:

- The premium placed on the value of shares depending on the stake offered for sale and effective control. In other words, is there a greater financial benefit to the city and ratepayers in selling a larger proportion of one commercial entity, rather than selling a smaller number of shares across all the companies?
- The effect the proposed sale of shares in any one or more of the companies will have on the Council's income.
- The associated savings in debt repayments. As a shareholder the Council currently receives income in dividends from these companies. Before selling any of these commercial assets in full or in part, the Council needs to be confident this provides the best financial outcomes.
- The strategic benefits for the city of any proposed sale.

Assuming approval of the proposal, the Council intends to sell its shares (on the basis outlined above) in 2015-16 and 2016-17, without further consultation with the community. The Council will, however, keep the community informed of progress as and when it is practicable to do so within the constraints of commercial sensitivity and the protection of value.

Detailed information about all of these companies is on page xx. There is also information about why the Council believes these companies can still provide benefits to the community without it owning them.

2. Rates

We propose to increase the Council's revenue from rates by 8.75 per cent, 8.5 per cent, 8.5 per cent and 7.5 per cent over the next four years.

Rates paid by Christchurch ratepayers help provide:

- The physical infrastructure and essential services that help keep our city running; a safe and reliable water supply, wastewater, roads, waste collection and management, and a public transport network.
- much of the social infrastructure that helps people connect and builds strong, resilient communities - neighbourhood parks and sports fields, libraries, swimming pools and community meeting places.

No council makes a decision to increase rates lightly, but Christchurch is facing a unique situation and financial challenges. Increasing rates is necessary to fund the rebuild and regeneration of the city.

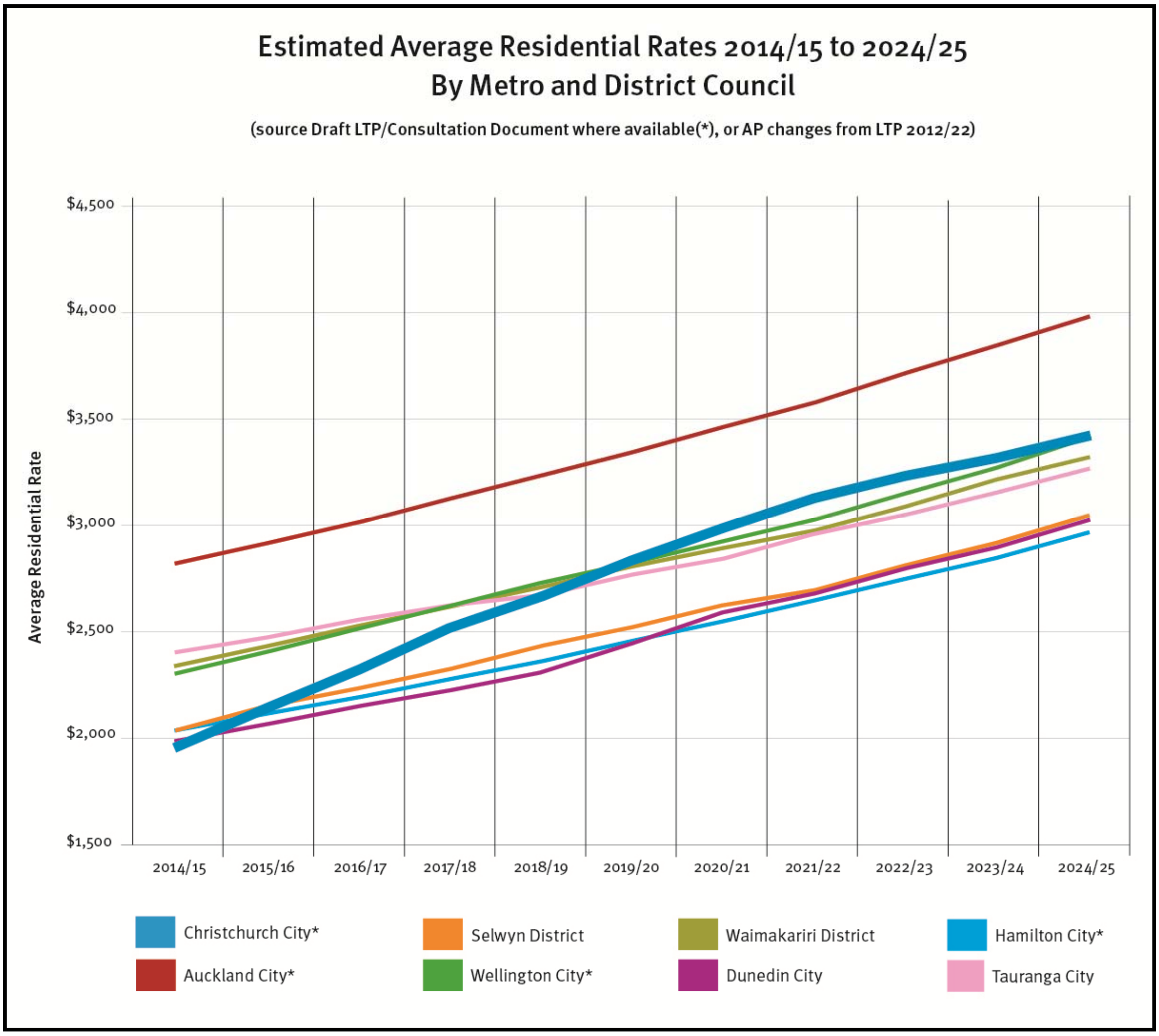
The percentage increase refers to the increase in total revenue from rates against the previous financial year. It does not equate to a percentage increase for all ratepayers. This is because the actual effect for individual ratepayers varies due to a range of factors including growth in the rating base, any change to the rateable value of the rating unit, or the mix of value-based and fixed-amount charges. Under this rates increase proposal rates for an average house will increase from about $39 to $50 per week in 2017-18.[10]

[10] See Appendix 5, p71

How your rates will be spent 2015/16

Group of activities	Cents per dollar of rates	Average residential property (rates/week)
Roading	14.7c	$6.24
Arts and culture	12.9c	$5.48
Wastewater	12.8c	$5.44
Water supply	8.9c	$3.78
Rubbish	8.4c	$3.57
Community resilience	7.2c	$3.06
Parks and open spaces	7.1c	$3.02
Governance	5.9c	$2.51
Sport and recreation	5.3c	$2.25
Regulatory services	5.1c	$2.17
Stormwater	4.2c	$1.79
City policy and planning	2.2c	$0.94
Economic development	2.0c	$0.85
Transport	1.9c	$0.81
Heritage protection	1.1c	$0.47
Flood protection	0.3c	$0.13
	100.0c	**$42.51**

Christchurch's rates have been historically lower than those charged by other councils. Even with these expected rates increases, in 2025 Christchurch will still have lower average rates than Auckland City and rates comparable to Wellington, Tauranga and Waimakariri Districts.



3. Continuously review the Council's programme of major works

A council's capital or major works' programme is the 30-year programme outlining what it is going to spend on renewing, replacing and building new facilities and infrastructure. The Council has already considered its proposed works' programme and prioritised which projects are crucial for the rebuild and renewal of our ageing pipes and roads.

We are committed to spending $783 million on major works as part of the Cost-Sharing Agreement with the Crown and this cannot be changed without their agreement. However with our planned works programme there may be opportunities to consider where further savings can be made, by, for example:

- Removing a project from the Capital Programme altogether
- Deferring a project to a later date where the Council may have more flexibility to borrow
- Considering different options for a project. For example, instead of building separate facilities we could combine a library and community facility such as what's happening in Heathcote and Halswell.

We will review our capacity and capability to make sure we can complete the capital works programme on time and on budget.

4. Identifying opportunities for operational savings

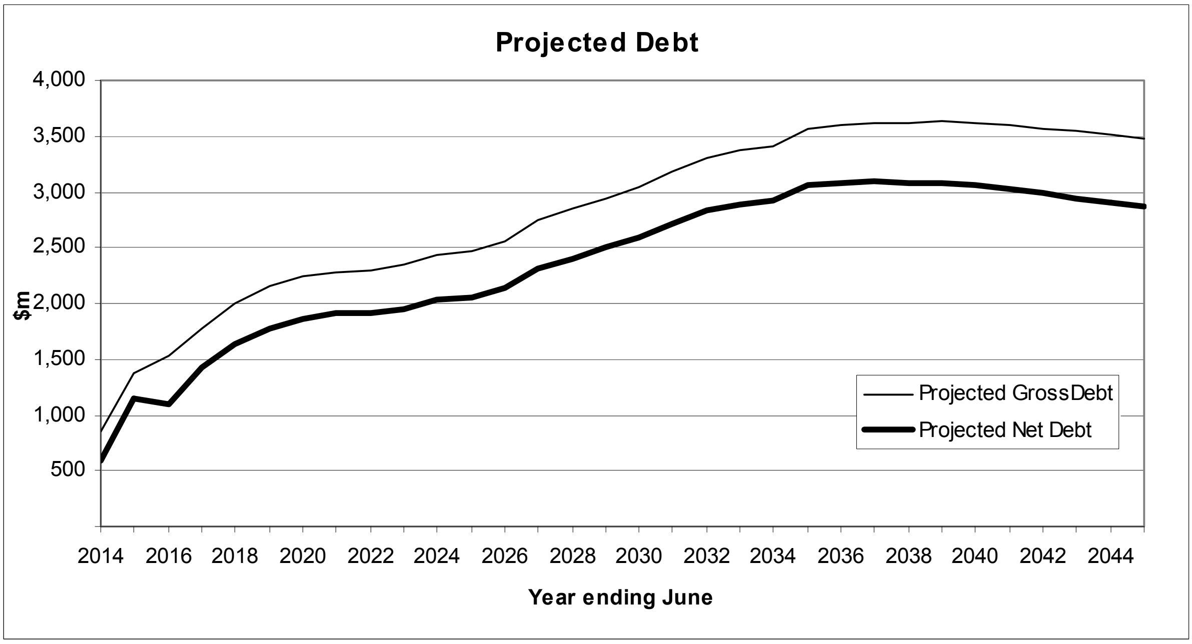
We have been reviewing our activities, and levels of service. The test has been – do we need to do this and if so, are we doing what the community wants? We have identified opportunities for change and ways to do things differently. This work is continuing.

For example, a major review across the organisation - "Great for Christchurch" - will identify ways of working more efficiently and effectively and improve our services to residents. The project is still in its early stages. However, if the review leads to significant changes to services, we will come back to talk to affected communities about these proposed changes before decisions are made.

5. Managing our debt

We considered borrowing more money than we had planned to help fund the rebuild and regeneration. However, we will only borrow more where appropriate and within the benchmark set for local government.

The Financial Strategy assumes that the Council needs to increase its borrowing out to 2040 so that we can fund our share of the rebuild and continue investing in growth. We are conscious both of the amount of debt we need to take on, as well as the affordability of that debt.



The Council has been very careful to stay within the benchmark set by the Local Government Financial Agency, of a 250 per cent debt to revenue ratio. We expect that our debt level will be close to this benchmark, peaking in 2020 at 238.5 per cent before tracking down to under 150 per cent by 2046.

Our debt will stabilise over time. This is because we will be repaying this debt and as the city continues to grow our revenue from rates and other sources will increase.

We will borrow to invest in new infrastructure such as roads, wastewater pipes and libraries. These assets have a long life so, in fairness, we will spread their cost across the ratepayers of today and the future. Borrowing, therefore, allows us to do this.

Our net interest as a proportion of our rates income peaks at about 20 per cent in 2020, which is well below the Local Government Funding Authority limit of 30 per cent.

We have considered other scenarios for addressing the funding shortfall. We modelled a range of financial scenarios to fund the proposed Long Term Plan. The options we considered are in the table below

Four Possible Scenarios

Our Base Case is one way of funding our work programme. The way we have developed this provides some debt headroom. It gives us the advantage of flexibility to fund unknown events in a short timeframe. The scenarios below show some other funding choices and flexibility outcomes.

Higher rates because of less capital released from our companies

We could release less capital from Christchurch City Holdings Ltd (CCHL) but this would mean higher rates increases than what we are proposing. If $551 million was released from CCHL instead of the proposed $750 million, rates increases over the next three years would be 16 per cent, 8 per cent and 8 per cent (we retain current flexibility).

Higher rates and no asset sales

We could decide not to sell any assets and maintain the current ownership of the companies owned through CCHL. This would mean rates increases of 34 per cent, 8 per cent and 8 per cent over the next three years to retain current planned flexibility.

Release more capital and reduce our need to borrow as much

If we released an additional $60 million of capital from CCHL (taking the total to $810 million) we could create additional "debt headroom" in 2020 - our tightest year - to bring it up to $150 million. To offset lost dividends we would need rates of 9.35 per cent, 9.2 per cent and 9.2 per cent over the next three years.

Release all our capital in CCHL and create more 'debt headroom'

If we released all $1.552 billion of the capital currently contained in CCHL, we could maintain current proposed rates and create maximum 'debt headroom'. Our net debt/ revenue ratio would peak at 132 per cent in 2020. Or, we could reduce rates slightly to 7 per cent for the next three years and still have good flexibility with the net debt/revenue ratio staying at around 150 per cent for the period of the Long Term Plan. It would climb to 177 per cent around 2035 to coincide with our next peak of renewing our ageing infrastructure.

There are a number of potential scenarios that could be developed, depending on assumptions as to how we use debt, asset sales and rates. The four scenarios above are indicative only and designed to illustrate particular outcomes.

How the Levers Interact

The Council is proposing to spend $10.4 billion over the 10 years of the Long Term Plan (2015-25). Forty four per cent of this is capital expenditure that will deliver what we are calling the 'base case'. To achieve a prudent budget we are proposing a financial strategy built around rates increases, borrowing and $750 million sale of shares in our commercial entities in CCHL.

The Base Case outlines a capital expenditure plan that attempts to balance the competing requirements of the rebuild across the whole range of activities (Water, wastewater and stormwater, libraries, leisure facilities, roading, etc). This comes to $2.199billion or 47 per cent of the planned capital expenditure. We have also budgeted $1.3 billion (27.9 per centof planned capital expenditure) on renewals and replacements. In developing these two categories of expenditure in our LTP, we have had to make some significant assumptions about the way we will manage assets so that we can do as much as possible but with a level of manageable risk.

We have prioritised projects that support critical infrastructure (such as major roads and trunk water supply pipes) and deferred or postponed capital projects on less critical parts of our network infrastructure. However, this 'sweating of assets' comes at a higher operational cost and risks around Levels of Service performance – both of which we believe we can manage to acceptable levels.

We have also had to budget for $575 million for infrastructure to accommodate the growth of the city for new subdivisions and cemeteries (12.3 per cent of total planned capital expenditure).

We have also budgeted $602 million (12.3 per cent) of capital expenditure on what we have termed "Levels of Service Improvements'. These are projects that build upon infrastructure that already exists to improve service to the community and includes projects such as improvements to public transport infrastructure, bus priority lanes to reduce congestion, intersection improvements to improve safety and cycleways to reduce traffic congestion.

The Council believes that the priority shown in this distribution of planned capital expenditure is appropriate and reflects both the need to rebuild our infrastructure as well as repair and maintain existing assets to provide on-going services to the whole community.

The two tables provide a useful way for the community to think about what the real impacts of the LTP are. They also illustrate that the level of 'discretion' is very low – removal of any of the proposed projects within the Capital Plan will have some impact on the levels of service to the community. It also shows that the aspirational (the so-called gold plated and 'nice to haves') projects are non-existent.

The tables also serve to show the proportionality of our expenditure. If Council were to remove transformative projects such as the Major Cycleways from the planned capital budget, then the planned $162.3 million would only address a small proportion of the capital budget but at a potentially higher cost of on-going congestion for the city.

Alternatively, by not releasing $750 million of capital through CCHL, the level of planned expenditure net of any subsidies would need to reduce by over $600 million in the next two years to ensure the budget remains balanced. As an example, this would mean that over the next two years all of the proposed levels of service improvements projects would not be funded as well as $470 million of other capital projects. In total 30 per cent of all rebuild, growth and renewals projects could not be delivered in that period or for some time after. Given the asset management assumptions we have had to make in the Infrastructure Strategy, any further cuts to the levels of planned capital expenditure in these three categories will have even further significant impacts on the proposed levels of service that we are proposing and significantly delay the city's rebuild.

Summary of what the Council proposes to spend over the next 10 years and where it will get the revenue to pay for it:

		2015-25 ($m)
Capital Expenditure		
Growth	575	
Renewals	1,306	
Facilities Rebuild	921	
Infrastructure Rebuild	1,277	
Levels of Service improvements	602	
Total Capital Expenditure		**4,682**
Operating Expenditure		
[11]Staffing	2,137	
Interest costs	1,264	
Donations, Levies and Grants	329	
Other operating	2,179	
Total Operating Expenditure		**5,909**
TOTAL EXPENDITURE		**$10,591**
Revenues		
Rates	5,553	
Fees and charges	1,589	
Development Contributions	236	
Rebuild Recoveries	344	
Dividends and Interest	616	
Other revenue	220	
Borrowing	1,283	
CCHL Sale of Shares	750	
TOTAL REVENUE		**$10,591**

Based on proposed financial strategy assumptions

[11] Note: $350 million of staffing costs relate to delivering the capital programme.

	Water Supply	Sewerage Collection, treatment & Disposal	Stormwater Drainage	Flood Protection and Control Works	Roads and Footpaths	Transport	Parks and Open Spaces	Arts and Culture	Sport and Recreation	Other	TOTAL
Growth	18	56	0	11	133	197	2	4	21	132	**575**
Renewals and Replacements	181	197	45	27	336	13	73	79	124	230	**1,306**
Infrastructure & Facilities Rebuilds	18	242	113	273	364	45	21	85	158	880	**2,199**
Levels of Service Improvements	53	147	10	128	177	23	25	14	52	-27	**602**
TOTAL	252	586	168	429	877	80	119	178	335	1,214	**4,682**

Crown Contribution to the Rebuild

The Council will continue to work with the Crown to ensure its ongoing support for Christchurch. Our city is the gateway to the South Island and New Zealand's second largest city. The rebuild has created a significant boost to Gross Domestic Product which benefits all New Zealanders.

We have reasonable expectations about the Crown sharing the extraordinary costs we face as a result of the earthquakes.

The Cost Sharing Agreement, signed in June 2013, was an early example of the urgent need for the Council and Crown to work collaboratively on the initial response and rebuild. The Agreement laid out a clear set of expectations around the responsibilities of both partners.

Given the uncertainty at the time, it was agreed to review the cost sharing for the horizontal infrastructure rebuild when we had a more accurate picture of the costs involved. The Crown and the Council recently agreed on an independent review of the costs and await the final outcome of this review. The Council is also talking to the Crown about the range of other costs as a result of the earthquakes, including flooding mitigation, and the costs associated with the Council taking on additional responsibilities from the Canterbury Earthquake Recovery Authority.

4. Building Sustainable Transport Networks

Key Issues and Opportunities

The earthquakes significantly damaged 1,000km (43 per cent) of Christchurch roads. Repairing our roads is the number one issue residents want addressed.[12] However this is going to take time. Under our proposal it will take 30 years to return the whole network to a reasonable (not high) standard.

Since the earthquakes we have not been carrying out our normal maintenance, repair and renewal programme on our roads. SCIRT work, repairing underground pipes and roads, has been the priority. The road network is likely to be further weakened by trenching for underground repairs and the increase in heavy traffic on the roads as part of the rebuild effort.

Population shifts and growth across the city have also changed travel patterns and road use. Many businesses and residents moved from the eastern suburbs and city centre to the north and south-west. Residential development on the outskirts of the city will continue, causing an increase in commuter traffic, and congestion. So we need a transport network that is flexible to cope with changing travel patterns and encourages people to walk, cycle and use public transport.

Freight traffic through Christchurch is expected to double by 2041, causing further congestion, and safety implications for other road users. Larger, heavier trucks will increase the wear and tear on roads.

We believe the earthquakes have provided us with a once in a lifetime opportunity. As our city and communities are rebuilt we can build a safer, resilient, more sustainable and efficient transport network.

The many thousands of people who took part in Share an Idea said they wanted this too. People said they wanted central city walking and cycling paths, and high quality public transport.

Our challenge, then, is balancing essential road repairs with the changing transport needs. At the same time we need to grasp the opportunities of the rebuild and realise our vision for an integrated and sustainable transport network.

Our Proposal

We propose a balanced transport network where people can use all modes of transport – walking, cycling, public transport, private cars, and there is a reliable freight network. However we are looking for people to swap using their cars for other modes of travel. To do this we propose:

- Prioritising the road repair programme
- Managing our existing road network smartly
- Improving public transport
- Progressing the major cycleways
- Working with the Crown on An Accessible City for the central city

[12] 2014 Residents Survey 51per cent of residents interviewed were dissatisfied with the current condition of Christchurch roads

Prioritising Road Repairs

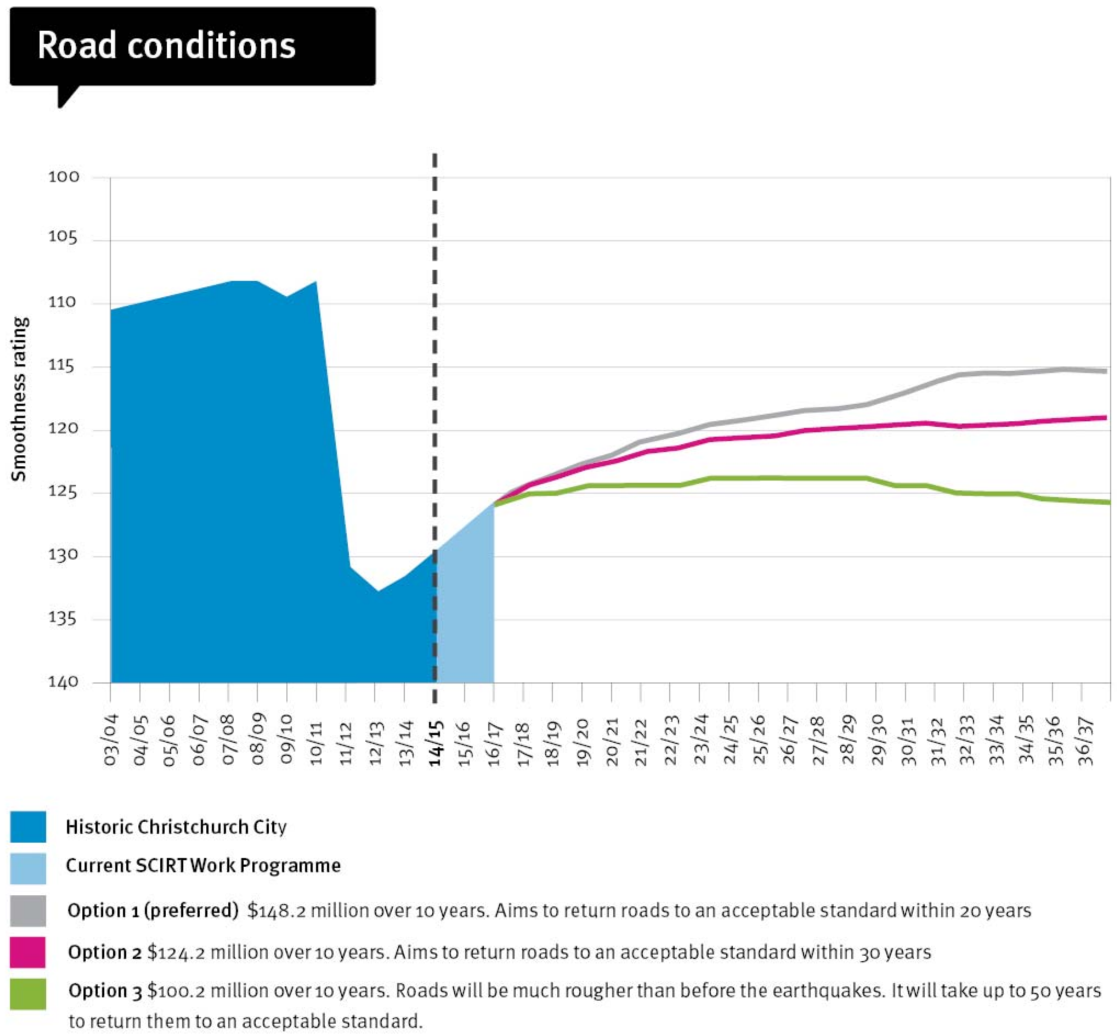
We are sharing the costs of repairing the roads with the Crown (under the Cost Sharing Agreement). SCIRT, on our and the Crown's behalf, has been repairing and rebuilding the roads damaged in the earthquakes.

The reality is that we cannot deliver a smooth road network across the whole city all at once. We propose prioritising our repair and maintenance programme:

- A higher level of repair will be provided on main roads, which support community, commercial centres and key infrastructure, and;
- A lower level of repair (in other words, less smooth road surfaces) will be provided on roads with lower traffic volumes and speed limits.

We have looked at ways to reduce the costs of renewing our roads. We could extend our usual 20-year cycle to 30 years and save money that way. However by doing this our roads would be left to deteriorate further before being replaced.

We propose over a 20-year period to restore our roads, cycleways and traffic lights to an acceptable level. This will cost $332 million over the next ten years. We will save money by restoring lower priority items such as bridges, retaining walls, culverts, footpaths, lighting, signs, parking, landscaping and kerb and channel within 30 years.



Critical Transport Routes

The Sumner – Lyttelton Road has been closed since 2011 due to risk of rock fall and significant damage to the road surface. The road is an economic and community lifeline and its repair is an example of how we are prioritising critical road links.

For the Sumner and Lyttelton communities the road provides safe and reliable access for residents and emergency vehicles when other roads are closed.

The Sumner – Lyttelton Road is also crucial economically. Before the earthquakes the road was an alternative route to Lyttelton Port for vehicles too large to use the tunnel or carrying hazardous loads. With the road closed, these vehicles have had to use the longer route via Dyers Pass or Gebbies Pass. The only shorter option is for hazardous goods' trucks to use the Tunnel, closing it to other vehicles.

Work to repair the road is underway this year, with the road likely to reopen in 2017-18. It is expected to cost $40 to $60 million.

Managing our Existing Road Network Smartly

Rather than building new roads or undertaking major road-widening works, we are first looking at other options to relieve traffic congestion and improve safety. Smarter management of our existing roading infrastructure allows us to get the most value out of the assets we already have and reduce costs to ratepayers.

Our Proposal

We propose to continue managing our network smartly by:

- Providing improved driver information systems
- Relieving congestion by optimising timing of traffic signals
- Removing heavy freight vehicles from some routes to improve traffic flows for public transport and cycling lanes.

Improving Public Transport

We want to encourage more people to use public transport as this will improve the efficiency of our roads and reduce traffic congestion. Public transport needs to be reliable, comfortable and connect people easily with homes and businesses. People will also use public-transport if it is a cheaper and faster means of transport compared to other options.

We have been working with Environment Canterbury to improve our public transport network and our proposed projects will support their passenger transport strategies.

Our Proposal

We plan to spend $35.9 million over the next 10 years on public transport infrastructure – especially measures giving buses priority (bus lanes). This will improve travel times and reliability. We will focus on the frequent, well-used routes where improvements will attract new passengers.

Routes include:

- North-South routes ($4 million)
- Orbiter route ($5 million)
- Connections to the south-west ($8 million).

We propose spending $7.7 million on other route improvements, new services and providing facilities to support the “hubs and spokes” model (bike and bus). Facilities for passengers include bus shelters, pedestrian crossings near bus stops, and real-time information screens at major bus hubs.

Progressing our Major Cycleways

Given the domination by cars around the world, there is often scepticism when the idea of creating a cycle/pedestrian friendly city is suggested. Attitudes are changing.

In Seville, Spain – a country not noted for its enthusiasm for cycling - the sceptics were surprised when a new cycleway network was built and people appeared, apparently out of nowhere, to use it.

A few years ago in New York City, the thought that it would be safe and convenient to bike the city’s streets would have been laughed at – but not any more.

In both cases the building of new cycleway networks means that cycling is a real transport option, not just for lycra-clad / hi-viz speedsters, but for all ages and all walks of life.

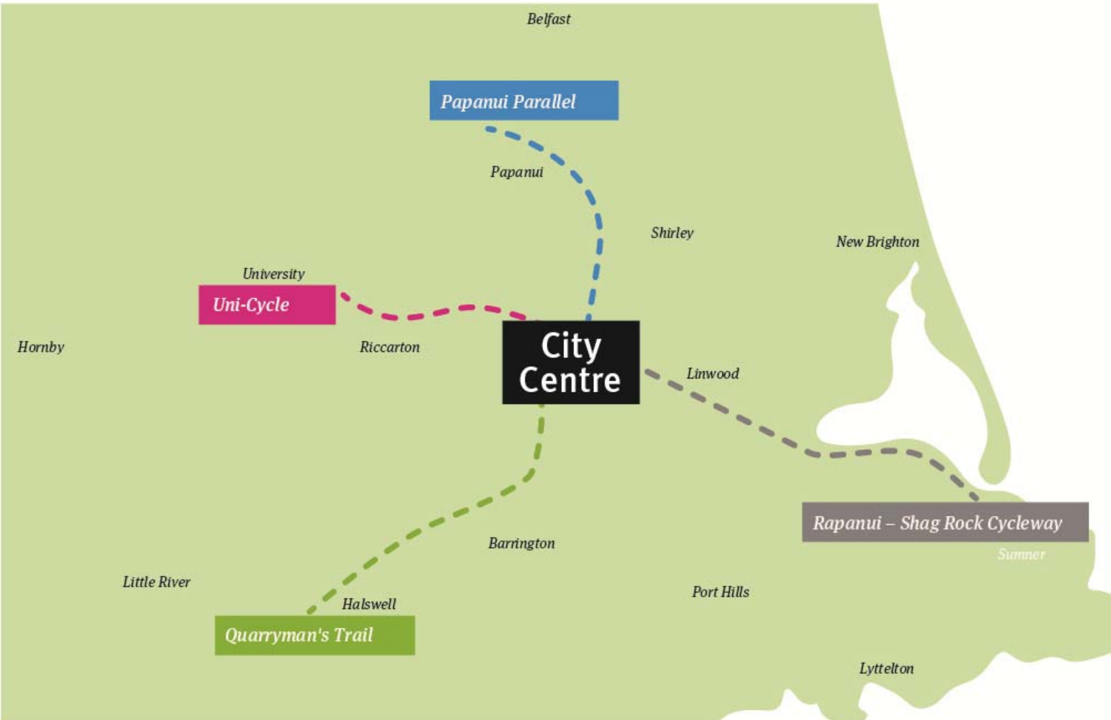
In New York, while the number of cyclists soared, actual injury numbers remained relatively unchanged. Retail businesses experienced significantly increased trade. In 2013 they launched Citi-bike, a bike-share scheme, which within a few months was averaging 36 000 users a day.

This is the kind of vision we have for our city; a place where cycling is accessible, safe and convenient.

The Council set aside funding in 2013 for its major cycleways network following widespread public support through Share an Idea. The network of 13 connected cycleways links with the city’s existing cycleways as part of a wider city network.

The new cycleways will be safer for cyclists, addressing residents’ concerns about cycling safety. Up to a third of city residents say they would consider cycling if it was safer. We believe that building safe cycleways is a better solution to traffic congestion than building new roads.

Work has already begun on four of the 13 cycle routes:



Uni-Cycle 2017	Papanui Parallel 2017	Rapanui-Shag Rock 2017-18	Quarryman's Trail 2018-19
Linking Canterbury University to the central city through Hagley Park (5.5 km) • Completion date 2017 • $7.8M*	Connecting Northlands and the Northern rail route to the central city (5km) • Completion date 2017 • $9.6M*	This cycleway starts at Ferrymead and will link the Coastal Pathway to the central city (6.5km) • Completion date 2017. (The Coastal Pathway runs from Sumner to the Ferrymead Bridge and is a separate project jointly funded by the Council and the community. It is due for completion 2018) • $20.4M*	Linking Halswell, Hoon Hay and Somerfield to the Southern Lights route and connecting the southern suburbs to the central city (8km) • Completion date 2019 • $18.4M*

** work has begun on this route. The amount is the cost to complete the project over the next 10 years.*

Our Proposal

The cost of designing and building all 13 routes in the cycleways network is close to $162.3 million; this figure is adjusted for inflation over 10 years. This is much more than the original estimate of $68 million and the work will take longer to complete than we first thought.

We propose developing nine cycleways in two stages over the next seven years. This will cost $106 million.

- Opawaho River Route (Heathcote River Trail) - $18.5 million (2019–2020)

- Avon - Otakaro Route (Avon River Route - New Brighton to City) - $23.9 million (2020–2021)
- South Express (Hornby Rail Route - Templeton to City) - $3.9 million (2018–2019)
- Northern Line Cycleway (Northern Rail Route) - Belfast to Riccarton Suburbs- $4.8 million (2016–2017)
- Heathcote Expressway (Heathcote Rail Route to City) - $13.8m (2019–2020)
- Wheels to Wings (Airport Route) - $13.7m (2020–2021)
- Little River Link (Little River Route) - $3.9m (2017–2018)
- Southern Lights (South to City) - $1.9m (2018–2019)
- Nor'West Arc (Western Inner Orbital) - $21.6m (2018–2019).

The additional spending and the extra time will deliver a resilient, world-class facility unlike any other cycle network in New Zealand. We will meet international standards and draw on cycleways designers' expertise. This means we will provide safe cycling for everyone from age 10 and over (the minimum recommended age for independent cycling). Making our cycleways safe will encourage greater use of them across the community.

We may be able to supplement the Council's funding of cycleways' projects with funds from the National Land Transport Fund and the Urban Cycleways Fund. These funds could contribute significantly to projects over the next three years, as long as we can meet our share of the costs and progress the projects quickly enough. We are also looking at other funding opportunities, including private sector sponsorship and international contributions.

Working with the Crown on An Accessible City[13]

An Accessible City is the Crown's transport plan for the central city. It will provide safe, easy access in and around the central city for businesses, pedestrians, cyclists and public and private vehicles. The plan for the central city links with other transport projects, including major cycleways and improved public transport.

The plan involves changing some one-way streets, building new pedestrian crossings and separated cycle lanes so we have a more pedestrian and cycle-friendly central city. Lower speed zones and reduced speed limits will apply on key streets in the central city.

Our Proposal

Work on the First Phase priority projects began late last year and will cost $72 million. The projects are jointly funded by the Crown, New Zealand Transport Agency and the Council. Our contribution to these projects is $27 million. We also propose to spend $129.9 million on Phase 2 and parts of Phase 3 of An Accessible City. We assume normal funding from NZTA will apply. The balance of the programme remains beyond the 10 years of this Long Term Plan.

We will work with the Crown and the New Zealand Transport Agency to secure further funding so projects most likely to benefit the central city recovery get priority.

[13] *An Accessible City* is part of the Government's Christchurch Central Recovery Plan overseeing the rebuild of the central city and anchor projects.

Things to Think About

Are we getting the balance right?

- Could we return road surface smoothness to pre-earthquake levels in 10 years? Yes, but this would cost an extra $100 million over the next 10 years.

Could we save money by taking longer to do road repairs?

- Not really. The total cost would remain the same, although rates increases could be slightly lower. The only way to save money would be to cut the number of repairs.

Could we take longer to build all the major cycleways?

- We could, and that would reduce rates increases very slightly through the next 10 years of the Long Term Plan. However, we would risk losing funding from the Crown's Urban Cycleway Fund.

How much would we save if we scrapped the cycleways completely?

- The savings from rates would be $162m, which translates to a net 3 per cent (approximately) spread over the project's delivery timeframe. We would not be guaranteed any funding from the Urban Cycleways Fund if we chose to implement the major cycleways project at a later date, as money from that fund is only available for projects within the next three years.

5. Strengthening our Communities – Facilities, Heritage and Housing

Local government helps provide the social infrastructure – the building blocks - for people to live and connect with others as part of strong, resilient communities. The Council does this by providing community facilities, parks and open spaces, social housing, valuing our heritage and supporting community activities.

The Council owns over 1,000 community facilities ranging from suburban swimming pools and libraries, to community halls, heritage buildings, camping grounds, sports pavilions and toilet blocks. We also own a number of major facilities, including the Christchurch Art Gallery, citywide sports facilities, and significant heritage buildings such as the Canterbury Provincial Chambers.

Many of these facilities – both big and small – were damaged during the earthquakes. Even though our insurance claims have not yet been settled, the Council has started working on restoring earthquake-damaged facilities to communities. We have focussed on the facilities that matter most to residents and aim to get as many closed buildings reopened and demolished buildings rebuilt, as quickly as we can. In partnership with the Crown, we are also contributing to the rebuild of the major civic facilities – the Anchor Projects.

We own and maintain a vast network of neighbourhood, sports, garden, heritage and regional parks, including Hagley Park and the Botanic Gardens, Port Hills' reserves, Travis Wetland and Bottle Lake plantation. We have repaired the earthquake damage to many of our parks and reserves, but not all park facilities have been restored.

The Council has a long tradition of supporting some of our most vulnerable residents by providing social housing. However, the effects of the earthquakes on housing supply and demand mean that housing affordability is now a major concern for current and future residents of our city.

Key issues

We cannot afford to repair and rebuild all our earthquake-damaged facilities
Many of our buildings are more than 50 years old and, in addition to needing repairs for damage, will require extensive maintenance. Others will also require earthquake strengthening to meet current building standards. Some will be uneconomic to repair.

Our city is changing
The needs of our city are different to when many of our facilities were built due to population shifts and an ageing community. Even if we could repair all our damaged facilities we do not believe that we should.

Many Council facilities are under-used
During our *Smart Choices* engagement last year many of you told us that community facilities were a high priority. Yet many residents do not use Council facilities regularly.[14]

For example, although our libraries are free, only 39 per cent of residents surveyed in 2014 visit a library once a month or more. Use of Council swimming pools and recreation facilities is very low among people aged over 65 years.

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[14] Christchurch City Council General Service Satisfaction Residents Survey May 2014

Additional green space
The red zoning of land in the Port Hills and around the Avon River[15] is an opportunity for us to increase the city's green spaces. Open spaces, and having a clean, green city are valued even more by people since the earthquakes[16]. But maintaining additional parks and green spaces to the level of landscaping and facilities that our community is accustomed to will cost more.

Our residents value the city's heritage
Many of the Council's 65 heritage buildings were badly damaged in the earthquakes. We have started work on landmarks including Mona Vale and the Sign of the Takahe, and Akaroa's Gaiety Hall. We have also budgeted $19.5 million for the restoration of other heritage buildings.

However lack of money has delayed further important heritage work. Restoring and earthquake strengthening will cost $108 million for the Canterbury Provincial Chambers and $12.6 million for Our City Ōtautahi. Both these highly significant buildings have been made weather-tight, but full restoration is unlikely for at least 10 years.

Our city needs more affordable housing
An affordable home, or the lack of it, has a major impact on residents' health and well being. Availability of good quality affordable housing is an important part of the recovery. One of our challenges is how the Council can best support the recovery of the housing market.

There has been considerable damage to many of our social housing units. Our social housing programme was set up to be financially self-sustaining (and not funded from rates), with the intention that tenants' rents cover all operating, maintenance and replacement costs. But for many years the below-market rentals paid by our tenants have not been sufficient to cover all these costs, so our repair and maintenance programme has fallen behind and the housing fund is insufficient to complete the future replacement work required.

Our Proposal

We propose:

- Prioritising key facilities for communities
- Co-locating facilities
- Finding other sources of funding
- Continuing to support community management of facilities
- Closing under-used facilities and those uneconomic to repair

The Council is also proposing to continue to work with the Crown to deliver the Anchor projects, and ways to support the availability of affordable housing for residents.

We will try to strike the right balance between affordability and the needs and expectations of communities. We need the facilities we build today to meet the needs of their communities now and into the future

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[15] While the future use of the residential red zone is yet to be decided, it is possible that land in these areas could become regional or neighbourhood parks.
[16] The many thousands of people who took part in *Share an Idea* in 2011 provided a very clear picture of a redeveloped central city to be supported by a wider and upgraded Avon River corridor, a greener Cathedral Square, tree-lined streets and a network of neighbourhood parks.

Prioritising Key Facilities for Communities

We propose to continue to prioritise key facilities for repair and building across the city and Banks Peninsula. Helped by feedback from our Community Boards about which facilities are most important to residents, we have committed $46 million to repair 42 key community facilities over the past two years.

We will also build new facilities for communities experiencing rapid growth, with new combined library and community buildings planned for Halswell, Hornby ($22.8 million 2015-2016) and Belfast ($3.7 million 2015-2016).

In addition the Council has prioritised funding for two large development projects:

- Eastern Recreational and Sports facility - $27.6 million (2016 - 2017)
- Ngā Puna Wai sports facility - $11.3 million (2018 – 2019).

Co-locating facilities

Even before the earthquakes the Council was starting to build co-located community facilities, and we will continue to do so. Multi-use facilities provide a "hub" or focal point for communities as well as providing cost-savings and better returns for the Council and ratepayers. In Heathcote, one new building will replace two earthquake-damaged buildings and will house both the community centre and the volunteer library. Combined library, service centre and community facilities, such as South Library and the Beckenham Service Centre, have also proved to be popular and five more are planned across the city.

Finding other sources of funding

We have been fortunate to secure funding from philanthropic sources towards the rebuild of some community facilities, for example the new Aranui Community Centre and the new community facility in Heathcote. This reduces the amount we have to borrow and therefore the burden on ratepayers. We are also looking at partnership options with other agencies, including partnering with national sporting bodies to provide jointly owned sport facilities such as those proposed at Ngā Puna Wai.

Continuing to support community management of facilities

The Council supports community management of some Council-owned facilities when this is financially sustainable and the facility remains accessible to all members of the community. Some smaller facilities, such as community halls, centres and cottages, are already managed and maintained by community organisations and other users. Over the next three years we want to increase the number of these facilities managed by their communities.

Some communities are also managing small neighbourhood parks in partnership with the Council. The Packe Street Park and Community Garden in St Albans, for example, has fruit trees and gardens all maintained by a dedicated core of volunteers. We mow the lawns and remove garden waste that can't be composted. The Packe Street Park is a treasure, a taonga for its local community.

Closing under-utilised facilities and facilities uneconomic to repair

Even with all these new ways of working in place we have some tough decisions to make. We cannot afford to fix all our damaged facilities. We can delay repairs to some facilities but this can cost more in the long term, as damaged buildings tend to have higher maintenance costs. There may also be some parks and other green spaces that communities no longer need or that can be used or managed in different ways.

Before we make decisions about the future of key facilities, or changes to the way facilities are operated or managed we will come back to talk to the communities affected by the change.

Rebuilding the City: The Anchor Projects

The Anchor Projects are seen by the Crown and the Council as a crucial part of our economic and social recovery. Together with the rebuild of some of our major urban facilities like the Christchurch Art Gallery, the Anchor Projects provide some of the essential elements of a modern vibrant city. They play an important role in giving developers confidence to invest in Christchurch, in attracting people back into the central city, and helping attract visitors to Christchurch.

Increasing the number of visitors to Christchurch is an important part of our economic recovery. Visitors don't just bring energy, diversity and vibrancy to a city, they also spend their money in many of the same places that we do – helping to support the businesses and services, the cafes, shops and events that enhance the social fabric of our city.

We are aware that residents are eagerly awaiting the opening of some of the Anchor Projects. Our new Central Library and the Metro Sports Facility, for example, will both be delivered in partnership with the Crown and are due to open in 2018.

There are, however, a number of issues with the Cost Sharing Agreement still to be clarified with the Crown. We are bound by the Agreement and any adjustment requires negotiation with Crown.

But we can discuss with the Crown which projects we believe are the priorities for our city. During the Smart Choices campaign, for example, you told us that you are not in favour of the new stadium being built before we can restore facilities to your communities and the Council will discuss delaying the stadium until 2025.

It is also still not clear, for example, who will own and run some of these major facilities once they are completed and this makes it difficult for the Council to plan for future operating costs in our budgets.

Our current contribution to the Anchor Projects is $798 million, as per the Three Year Plan Financial Strategy. This is a significant amount of money for the city. We need to be confident that each project meets the needs of our city and our communities, and that they have the capacity to bring the expected economic and community benefits.

Anchor Projects

Council's contribution to Anchor Projects as part of the Cost Sharing Agreement ($m)					
	Council Contribution	Made up of			
		Insurance	Land	Improvement Allowance	Borrowing
Central Library	75.0	8.2	27.2	15.5	24.1
Christchurch Town Hall	127.5	68.9		51.3	7.3
Performing Arts	30.0				30.0
Convention Centre		30.6	10.8		-41.4
Carparking	70.0	41.7	15.0	12.9	0.4
Former AMI Stadium	253.0	143.0			110.0
Central city Multi-sport facility	147.0	77.6			69.4
Avon River park	6.4				6.4
Transport Interchange	39.9		39.9		
Accessible City – Phase 1	27.0				27.0

Things to Think About

What do you think about our proposal to prioritise key facilities for repair and building?

To what extent do our proposals reflect what you want to see in your community in the next 10 years?

Supporting the Housing Recovery

The Christchurch housing market has been significantly affected by the earthquakes. Over 7,500 houses were red-zoned and a further 9,100 were temporarily or permanently uninhabitable because they required major repairs or rebuild. The biggest loss of housing was in the eastern suburbs, traditionally an area of more affordable homes and cheaper rental accommodation.

Our own social housing portfolio was also badly damaged in the earthquakes. 445 of our 2,649 social housing units are currently closed or in the residential red zone. Over the next three years we plan to re-open 73 of these closed units and complete essential repairs on many of the open units. Up to 372 units will remain closed due to damage or being located in the residential red zone. Insurance settlements for earthquake-damaged units will be inadequate to return the housing portfolio to pre-earthquake levels. However, with the funding available to us we will increase the size of the portfolio over the next three years by building 41 new units and buying 11 others ($5.4 million). Since the earthquakes we have already built 12 new units and bought 17 others.

We know that housing, or the lack of it, has a major impact on residents' health and well being, and the availability of good quality affordable housing is an important part of the recovery. One of our challenges is how the Council can best support the recovery of the housing market.

Our Proposal

Over the next 10 years we propose to:

1. Look for ways to address the effects of the earthquakes on our own social housing, and to make our social housing financially sustainable
2. Work with the Government, community groups, the private sector and other agencies to increase the supply of both affordable and social housing.

1. Making social housing financially sustainable

The Christchurch City Council has a proud record in social housing and has been providing low-cost rental accommodation to low-income tenants since 1936. Our tenants are a mix of older people and people with complex social needs, and with a current waiting list of over 350, the demand for our social housing remains high. We are the second-largest social housing provider in New Zealand, second only to Housing New Zealand, and our provision of social housing reduces pressure on Housing New Zealand at a time when demand for social housing remains high and when central government is looking to divest social housing to Community Housing Providers.

The earthquake damage to our social housing units is not our only challenge. Our social housing programme was set up to be financially self-sustaining (and not funded from rates), with the intention that tenants' rents cover all operating, maintenance and replacement costs. But for many years the below market rentals paid by our tenants have not been sufficient to cover all these costs, so our repair and maintenance programme has fallen behind and the housing fund is insufficient to complete the future replacement work required.

When we asked you about the Council's future involvement in social housing last year, you told us you wanted us to still provide and own social housing but to find ways to make this more financially sustainable.

We are proposing setting up a new housing entity that will be registered as a Community Housing Provider. This cannot be Council-controlled but we will still retain ownership of our social housing units. We will lease them to the new entity in which we will likely have 49 per cent ownership. This will take over the day-to-day management of the tenancies and the units.

Leasing the social housing units to a Community Housing Provider will increase revenue. The provider will receive the government's Income Related Rent Subsidy for the units - which local governments cannot get. Under this subsidy the government pays community housing providers the gap between the below market rents paid by the tenant and the market rent. This extra revenue will help the social housing units to become financially sustainable.

In accordance with the commitments we have made in this Housing Accord, the Council proposes to progressively make $50 million of assets from the social housing portfolio available for the development of additional social and affordable housing. More information on the proposed transfer is outlined in the box on page X.

2. Improving housing affordability

The loss of housing and increased demand for housing from displaced residents and rebuild workers has driven both rents and house prices up well above the national average. Housing affordability has become a serious issue, with young people, migrant workers and people on low fixed-incomes amongst those most affected. The housing market is not expected to settle until at least 2017–2018.

In July last year the Christchurch City Council signed a Housing Accord with the Government. The Accord is an agreement that we will work together to increase the number of affordable houses in the city, with the aim of:

- Reducing the number of households in unaffordable housing by 10 per cent by September 2018
- Increasing the number of new houses costing less than $250,000 (excluding land costs)
- Supplying an additional 700 social housing units by the end of 2016.

Proposal to Transfer Council Assets to Enable the Development of Affordable Housing in Christchurch

Reasons for the Proposal

The Council's focus on housing has been traditionally on its own social housing portfolio. Given the impact of the earthquakes on the housing market the Council's focus has broadened to include improving the supply of affordable housing for home ownership and rental.

While the aggregate supply of housing in Greater Christchurch should return to pre-earthquake levels by 2017-18, there is a high likelihood there will remain a gap in affordable housing supply within the boundaries of Christchurch city.

The Council agreed to a broader housing focus on 11 September 2014 when it ratified a Housing Accord with the central Government, committing the Council to work with the Government to address housing affordability issues.

Details of the Proposal

To help the supply of social and affordable housing the Council proposes to:

- Make Council social housing portfolio land available for affordable housing developments including mixed developments. These mixed developments could have a range of housing types at a range of prices – from social rental housing to market priced housing, as well as associated retail and other facilities. The Council proposes to enable these developments by progressively making $50 million worth of social housing land and other assets available. Examples of social housing portfolio sites that could be made available are at Andrews Crescent and Carey Street.
- In selecting sites for transfer, ensure that maximum use is made of land that is currently vacant or that is under-utilised, without diminishing the number of social housing units.
- Enter into transactions that may not be for full value but which will achieve the social/affordable housing outcomes sought by the Council, including maintaining the current level of social housing capability.

Options Analysis

Options considered for the $50 million transfer of social housing assets are:

1 Transfer to a standalone company.

2 Retention within the Council by ring fencing it for development.

3 Transfer to a Community Housing Provider.

Financial Implications

1 If transferred to a stand-alone company, then Council would maintain 100% ownership and there would be no Balance Sheet implications.

2 If retained and ring-fenced within Council, then Council would maintain 100% ownership and there would be no Balance Sheet implications.

3 If transferred to a Community Housing Provider, Council would hold up to 49% ownership of the $50 million. The Council Balance Sheet would reduce by $50 million but would include a 49% investment in the Community Housing Provider.

Due to the lack of a definitive position at the point of developing the Consultation Document, no financial implications from the transfer of $50 million of social housing assets are included within the Financial Strategy. This is accurate to the extent that either of options 1 or 2 are chosen. If option 3 is preferred, the adjustments referred to above would need to be made to the Balance Sheet/Financial Strategy to reflect the progressive transfer of the $50 million over a number of years.

If Option 3 was preferred the Council would enter into an agreement with the other parties to establish parameters for a working relationship and to protect key issues for the community or any potential conflicts of interest.

6. Restoring and Renewing our Water Networks

Our Water, Wastewater and Stormwater Networks

One of the core responsibilities of local government is providing and maintaining the infrastructure (pipes, treatment plants and pump stations) that provides our water supply, and managing the collection, treatment and disposal of wastewater and stormwater. We call these the "three waters". Providing and maintaining the three waters' infrastructure and services is essential to the health of our city and our residents, and contributes to the health of rivers and streams. It is also one of the most costly services we provide. The infrastructure and services bill accounts for 19 per cent of the Council's proposed spending over the life of this 10 year plan. Or to put it another way, each year 25 per cent of your rates is spent on the three networks.

Looking ahead, the Council needs to find an appropriate, acceptable balance between infrastructure spending that accommodates growth and meets the renewal costs of restoring levels of service we had pre-earthquakes. We must:

- **Repair earthquake damage not covered by the SCIRT programme** - The earthquakes caused significant damage to our three waters infrastructure, predominantly to underground pipes. Earthquake repairs are currently being managed under the SCIRT programme. However, some repair and recovery work will be returned to the Council and there is still uncertainty about the extent of this amount. It could have a major impact on capital and operational expenditure on infrastructure.
- **Renew aging infrastructure i**nstalled in the building booms of the 1950s and 1960s, which is now nearing the end of its life.
- **Cater for the growth and changing residential patterns of the city** by providing infrastructure to support the rapid increase in new housing developments in the north and southwest of the city, and intensification within the city.

Length estimate SCIRT 2012	Damage (moderate to severe)		Fixed
	2012 estimated damage	Network	SCIRT work completed
Wastewater 1,613km	659km	41%	54%
Water supply 2,843km	69km	2%	74%
Stormwater 329km	26km	8%	52%

Our Proposal

We propose to defer renewals where we can and extend the time it will take us to restore infrastructure to pre-earthquake levels. This will, however, require us to monitor the condition of our assets and infrastructure to ensure risk levels and levels of service remain acceptable.

The specific proposals relating to each of the three waters' networks are based on the best information we have, but there are still some uncertainties. The Council always believed that it would cost more than the $2.94 billion allocated by the Cost-Sharing Agreement[17] to repair our damaged infrastructure. An independent review is currently underway to determine whether, given the extent of the damage, there was sufficient funding allocated under the Agreement. The outcome of this review, and whether further funding will be provided, is not yet known. In addition, when the SCIRT programme comes to an end in 2016 it is likely that some damaged infrastructure will be left to the Council to repair. The extent of this is also not yet known.

Here is more information about the issues we face with each of the three waters' infrastructure and what we propose to do over the next ten years.

Quality Drinking Water

Over the next 10 years the Council needs to continue to repair its earthquake-damaged pipes, renew failed or failing pipes, provide for water services in areas of growth and continue to meet the requirements of the national Drinking-Water Standards. There are potential risks to the water supply network as the long-term effects of the earthquakes are still not well understood. Ground settlement continues and the effects of land movement could lead to further failures in water supply and damage to water mains. Also, damaged wastewater and stormwater network pose a hazard to the water supply network, especially on hillsides. So, we may need to adapt our work programmes over time.

We have two top priorities.

1. Maintaining drinking water quality

Groundwater aquifers are the main source of drinking water for urban areas of Christchurch, and for Lyttelton, Diamond Harbour and Governors Bay. This water is of very high quality and does not require treatment of any sort.[18] Our city's drinking water complies with the Drinking-Water Standards for New Zealand. However, we do want to make sure that all parts of the city have the same high quality grading.

Our Proposal

To ensure that all parts of the city have the same drinking water quality grading, we propose to drill new wells in the north-west area of the city to draw water from deeper aquifers ($4.3 million).

Other Option

If we do not proceed with drilling new wells, we cannot guarantee that all parts of the city will enjoy the same quality of drinking water.

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[17] Under the Cost-Sharing Agreement, signed in 2012, the Council and Crown agreed to share the cost of repairing the city's roads and underground pipes. It was agreed the Council contribute $1.14 billion and the Crown $1.8 billion.

[18] Banks Peninsula's water supply is mainly sourced from small streams. The Council currently owns 8 treatment plants that treat the water for these settlements.

2. Renewing Infrastructure

A renewal programme replacing old water supply pipes nearing the end of their life with plastic or PVC pipes was already underway before the earthquakes. This meant that, although still serious, the earthquake damage to our water supply network was reduced. Much of the planned renewal was put on hold post-quake, while the SCIRT programme restored essential services. But with the SCIRT programme coming to an end in 2016, reactivating the renewals programme is now a priority.

Our Proposal

Over the next 10 years the Council plans to spend $150 million on renewing water supply pipes across the city. This includes replacing the water supply pipes in the Lyttelton rail tunnel ($11.3 million) and in Eastern Terrace ($9.1 million). An average of 40 kilometres of pipe will be replaced each year.

Completion of these projects will mean we will retain our water quality standards and meet the increased demands for infrastructure from population growth. It will also allow our renewals programme, which was delayed by the earthquakes, to be back on track by 2025.

However, unplanned water supply interruptions (e.g. due to pipe breaks) will continue to be approximately double pre-quake levels[19], meaning the network operating costs will remain high for many years, and the standard of service we are providing to residents will be lower.

Other Options

We considered other renewal options, such as reducing the amount of pipe we renew each year. But the increased maintenance costs would be greater than the short-term capital cost savings, and that there would be the risk of even more frequent interruptions to water supply due to older pipes failing more frequently, so these options are not proposed.

Better Wastewater Systems

Wastewater is the water that leaves our homes and businesses by going down a sink or a drain. This includes water from kitchens, laundries, bathrooms and toilets.

An efficient wastewater system is a crucial part of a healthy city. It safeguards public health and minimises adverse effects on our environment.

In the city the wastewater network collects and carries wastewater to the Christchurch Wastewater Treatment Plant at Bromley. It is then treated and discharged via the outfall at Pegasus Bay. There are also seven wastewater treatment plants across Banks Peninsula.

The earthquakes damaged around 41 per cent or 659km of the underground wastewater network. In some parts of the eastern suburbs the damage was so severe many residents had to rely on portable toilets for a number of months.

Earthquake-damaged wastewater infrastructure is currently being repaired under the SCIRT programme. However, while a significant number of repairs and renewals have been completed, this will not be sufficient to restore the wastewater network to pre-earthquake condition or performance.

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[19] Before the earthquakes there were about 2,160 unplanned water supply interruptions a year across the city's 180,000 households. This will rise to about 9,000 annually by 2025 because of the age of the network.

Since the earthquakes there has been an increase in what is called “inflow and infiltration:, due to damaged pipes – stormwater and groundwater entering the wastewater system, either directly or by seeping into damaged pipes. This increases the risk of wastewater overflows when it rains.

Our Proposal

To ensure we can meet the needs of new subdivisions and increased intensification, improve quality of discharge material and replace failed and failing infrastructure, we propose to:

- Provide infrastructure for new subdivisions and intensification within the city ($48.7 million)
- Reduce wet weather overflows and improving the quality of the discharge to the environment ($98.1 million)
- Replace failed or failing infrastructure ($154.6 million).

Several specific projects are also proposed, to upgrade treatment plants and reduce wet weather overflows. These include:

- Decommissioning the Lyttelton, Diamond Harbour and Governors Bay wastewater treatment plants and pumping wastewater to the Christchurch Wastewater Treatment Plant at Bromley for treatment and disposal. This will remove treated wastewater from Lyttelton Harbour - $53.8 million (2016 – 2023), Akaroa Wastewater Treatment Plant replacement and new harbour outfall - $31.2 million (2016-18)
- Northern Relief project to reduce overflows in the Avon River catchment ($46.5 million, 2017-23)
- Wastewater Pump Station 20 (Locarno St in the Heathcote River catchment ($8 million, 2024-25) (note a further $17.5 million will be required to complete the project in 2026 which is the beyond the period of the Long Term Plan)
- Wider network improvements to reduce wet weather overflows in the Heathcote River catchment ($23.2 million, 2016-22)
- Riccarton Interceptor wastewater trunk main project ($14.2 million 2016-20)
- Christchurch Wastewater Treatment Plan trickling filter media renewal ($25.7 million, 2020-24).
- Fixing and replacing pipes across the city’s wastewater system by lengthening the renewal schedule so pipes are retained until reaching 105-120 per cent of their effective life ($85.2 million, over the ten years).

Other Options

Various options were considered, to reduce the wastewater renewals budget where possible. The proposed programme of work, which relies on “sweating the asset” by delaying replacing a wastewater pipe later than its normal expected life, is considered the most appropriate - balancing financial constraints with the condition of the network.

Managing Stormwater

The stormwater network plays an important role in **flood protection**. It collects and provides the “safe exit” for rainwater from roads and properties, and protects communities from surface flooding during heavy rain events.

The stormwater network sustained earthquake damage and this is currently being repaired under the SCIRT programme. In the meantime, damage means additional ongoing maintenance is required to remove liquefaction and silt from open channels, and there is increased risk of flooding from land settlement.

Where we can, we are working with SCIRT to upgrade damaged stormwater pipes to increase their capacity and be more effective. Projects to address the increased flood risk form part of the Land Drainage Recovery Programme and can be read about in the section on management of natural hazards (page xx).

The efficiency of the stormwater network affects the water quality of our rivers and streams. If the stormwater network is damaged or not functioning effectively, stormwater can enter the wastewater system causing the wastewater system to overload and spill untreated wastewater into rivers. However, although wastewater overflows are a risk, contaminated stormwater from normal runoff has a much more significant impact on the health of our rivers.

Stormwater is generally untreated, so whatever goes down a stormwater drain enters our waterways. Stormwater collects contaminants as it drains from roads and commercial premises and as this enters the waterways it decreases the quality of rivers, streams, lakes, estuaries and the sea.

The Council is working with Environment Canterbury towards an integrated approach to improving water quality in the rivers. The councils' primary stormwater network is made up drains, pipes and pumping stations, but increasingly infrastructure such as treatment basins and wetlands that improve stormwater quality before it is discharged into waterways is being introduced. Both the Cranford and Henderson's Basin areas will be managed to fulfil their function as natural 'detention' areas (holding areas for the excess water) **and** improve the quality of the stormwater discharged. Similarly, the residential red zone has provided the opportunity to relocate stopbanks further away from the edge of the river. This would both provide more effective flood protection and provide a potential opportunity for wetland treatment of stormwater (see page xx).

Our Proposal

Balancing affordability with network needs, we will replace stormwater network assets when they reach 105 per cent – 120 per cent of their effective life. This means that it will take 20 years to restore a reliable stormwater network, rather than the 10 years it would take if we replaced assets at an earlier stage of their lifespan.

It also means more pipes are likely to fail in the short term. As the operational budget is not large enough to deal with the number of repairs expected, repairs will have to be prioritised to ensure critical repairs come first, with others dealt with less quickly.

Other option

We considered maintaining a normal level of service and restoring a reliable network more quickly -over 10 years - but this is more expensive and not considered the best approach given our financial situation.

Things to Think About

Our proposals for managing the three waters' assets over the next 10 years are based on a model that balances recovery with rates, debt and capital release. This will extend the time it would take to restore infrastructure to pre-earthquake levels. If we renewed assets faster, this would cost more and have an impact on rates.

Are you happy with this approach?

The Avon and Heathcote rivers are landmarks of our city, at once loved for their beauty and recreational value and lamented for their poor water quality and ability to support aquatic life. The idea of swimming in either river certainly does not appeal – but does it have to always remain that way? There is an opportunity for Christchurch to restore its rivers to a level of health where they can sustain abundant and diverse fish life and allow a broader range of recreational activities than is currently possible. But what would it take? The answer is - a big commitment in time, energy, money and enforcement and buy-in from local authorities, business and the whole community.

Christchurch, like many cities, suffers from 'Urban Stream Syndrome'; poor quality rivers and streams as a consequence of human land use and resulting discharge of contaminants from industry, stormwater, wastewater and animals.

Interestingly, the earthquakes had relatively little negative effect on both the Avon and Heathcote rivers. There was a temporary drop in water quality, largely as a result of untreated wastewater getting into the rivers, though water quality has now returned to 'normal'. There was no major loss to the fish population but the increased amount of fine sediment has reduced the amount of suitable habitat in some areas. This may seem positive news but the reality is that the water quality and habitats were already in a poor state and it is probable that the reason the earthquakes had little effect was that there were no sensitive species present to be adversely affected – the toughest still survived.

So what could we do to return the Avon and Heathcote to a healthy state? There are a number of options the Council could consider, such as removing sediment and planting river edges with suitable plants and tall trees to improve habitats. It could also work towards reducing wastewater overflows and contaminants in stormwater. In terms of regulation, tighter enforcement on construction activities, banning the use of copper and zinc materials in buildings and not allowing fences to be built hard up against streams would all contribute to river health.

But, as mentioned earlier, returning the rivers to clean, sparkling treasures requires buy-in from the whole community. It comes down in part to understanding what contaminants we currently let into the rivers and actively avoiding doing so. Not feeding the ducks and cleaning up dog poo would be a start, along with washing cars on grass rather than hard surfaces and not washing chemicals into the stormwater system (where does your 'Spray and walk away' really end up?). Planting to avoid sediment runoff from properties would also help.

The big questions are – how strong is our desire to improve the waterways that help to define our city and what are we prepared to do to achieve that?

Residential Red Zone

In 2011 and 2012 large areas of the city were red-zoned as a result of significant land damage caused by the earthquakes. The areas designated no longer suitable for housing included land in Brooklands, on the Port Hills and a huge swathe of land adjoining the Avon River, known to most of us as the "residential red zone".

The Crown has purchased most of the properties in the residential red zone. This year it will begin a public engagement with residents about the redevelopment of the residential red zone and how the land might be used in the future.[1]

Measuring 460 hectares, it is four times the size of Hagley Park and reaches eastwards from Avonside and Burwood to Bexley, with the Avon River flowing throughout.

Although much of the land is severely damaged, we now have an enormous opportunity to use this vast area of land to reinvent our city and define our own future. This is our chance to leave a legacy for future generations – in the same ways that our forebears had the foresight to accommodate Hagley Park and the Botanic Gardens within the central city.

Some of these possibilities and the likely high level of interest in the future use of the residential red zone were identified in the Evo:Space engagement undertaken by Eastern Vision in 2014 [1].

One suggestion is to provide a home in the east for the Eden Project –based on the theme of "From Mountains to the Sea" (Ki Uta Ki Ta) – that would showcase how water shapes our life and the interactions between land, water and human life.

The Council has a considerable interest in the future use of the residential red zone. We are currently still providing essential services such as water and wastewater to the small number of people still living in this area. In most cases these services are temporary and at a cost of $2 million a year, very expensive to maintain. Services connecting to adjacent green zone areas will continue, but once the future use of the residential red zone has been determined, much of this infrastructure will be abandoned and removed.

The Council's other infrastructure interest in the residential red zone is the opportunity to relocate stopbanks as part of its Land Drainage Recovery Programme.

The Council is proposing to set aside $6.4 million for the future use of the residential red zone transformational legacy project. Other funding options include delivery of projects through private sector interest groups.

7. Protecting People and Property

Local councils have a responsibility to protect people and property from natural hazards. We currently do this in a number of ways, including providing flood protection, administering building regulations requiring structures to be built to withstand earthquakes, and developing land use and planning frameworks to limit or restrict development in areas subject to hazards such as rockfall or flooding.

Key Issues for the City

The earthquakes have radically altered the city's geophysical landscape, further increasing the risk of flooding for some communities, and leading to some Port Hills residents being red-zoned because of the risk of rock fall and cliff collapse.

Climate change and sea level rise are expected to exacerbate the city's vulnerability to flooding; over the next century sea levels are expected to rise by one metre, and we will also experience more intense and frequent rain storms, significantly increasing flood risk.

Some of the questions that that we and other local councils across New Zealand are grappling with are about **finding out what levels of risk from natural hazards communities are willing to live with**. Are communities willing to accept some level of risk, such as periodic flood damage to property in severe rain events, if intolerable life risk from events such as earthquakes and cliff collapse can be avoided? Are we prepared to make changes to the way we live and accept tougher land use planning regulations restricting building or development in high-risk areas? Or should those who live in high-risk areas pay an additional targeted rate towards the costs of risk mitigation?

We cannot eliminate risk from natural hazards altogether – in the event of a large rainfall event, for example, some properties will still flood – so how we manage this into the future is an important conversation.

Our Proposal

Some of the ways we propose to address the risks from natural hazards are set out below. These proposals are in addition to work that is already well underway including:

- **Port Hills mass movement -** The movement of large amounts of soil and rock increased the risk to life and property from rockfall, cliff collapse and land movement. A priority area of work since the earthquakes has been addressing slope instability issues on parts of the Port Hills. As a result of detailed investigations we have, for example, in partnership with the Crown offered to purchase 16 properties) where we consider the risk to life to be "intolerable" and will spend a further on mitigation to reduce the risk to a further 23 properties to acceptable levels.
- The Council is currently reviewing the **District Plan** [LINK TO DPR] the plan that sets out the provisions governing the use of land within the city and Banks Peninsula. The District Plan review sets outs a framework for land use to avoid or reduce the risk to people, property and infrastructure from natural hazards, and proposes that there be no residential development where the risk to life is intolerable.

1. Addressing the Increased Risk of Flooding after the Earthquakes

Areas of Christchurch have always been prone to flooding. We are the largest city in New Zealand that is built on a floodplain. The city's geophysical features – very flat topography, a naturally high water table and some areas of soils with poor drainage characteristics – make the city particularly vulnerable.

Changes to land levels as a result of the earthquakes have further increased the risk of flooding for some communities and exposed new areas to risk. In some areas of the city the land has subsided by up to half a metre, while by the lower reaches of the Heathcote River, land has risen by up to half a metre, flattening gradients and reducing channel capacity.

Providing flood protection infrastructure to protect communities from flooding has always been a core activity for the Council. The Land Drainage Recovery Programme was established in 2012 to investigate and help us understand the effects of the earthquakes on the city's surface water drainage system, and to identify options and projects to restore pre-earthquake flood protection.

The series of significant rain events that struck the city in March and April 2014 caused widespread flooding to residential properties and businesses across the city and Banks Peninsula. They highlighted the increased risk of flooding across the city and led to the acceleration of some flood protection projects. With two-thirds of the most vulnerable properties in the Dudley Catchment, these projects are primarily located there and include the Tay St Drain Pump Station (due for completion April 2015) and the further development of the downstream improvements to Dudley Creek estimated at $52 million, due to start in 2015-16.

The projects to be undertaken under the Land Drainage Recovery Programme are still being developed and prioritised, but based on what we know now, we have budgeted $315 million for flood protection projects over the next 10 years. Ongoing investigations will help finalise projects, and will focus on high priority areas such as the Avon and Heathcote River catchments.

Other projects currently being considered are:

- Using land in the Residential Red-Zone to provide improved flood protection. The Avon River stopbanks, located in the red-zone and an important part of our flood protection infrastructure, were damaged in the earthquakes and have been temporarily repaired. The clearing of land would allow the stopbanks to be re-located further away from the edge of the river, creating natural flood-plains to accommodate flood waters, and providing more effective flood protection to residents living in adjoining areas.
- Installing a tidal barrier. A possible alternative to stop banks along the Avon and Heathcote Rivers is a tidal barrier at the mouth of the Avon/Heathcote Estuary. A tidal barrier could both reduce the costs of the Land Drainage Recovery Programme and provide some protection from future sea level rise. A pre-feasibility report has been commissioned.

2. Developing a Natural Hazards Strategy

Later this year we will be talking to communities about developing a Natural Hazards Strategy for the city that will help shape the way we manage hazards and risk. The Strategy will address a number of natural hazards including coastal issues, slope instability and rockfall, and flooding and will include further research into the nature of the hazards and their associated risks. We will also looking at how the Council and the city can best respond to those risks by, for example, defending (such as flood protection works), adapting (such as raised floor levels for houses in flood prone areas), and retreating.

In Christchurch we are well-placed to have this conversation. Since the earthquakes our landscape has been studied by geoscientists, seismologists, hydrologists and engineers. The Council has invested in geo-technical and other investigations to understand the changes to our land and how these affect the infrastructure and services we provide. We now have a much better understanding of our land and the nature of the natural hazards to which we are all subject.

8. Concurrent Consultation

We're keen to hear your views on several other proposals we are making at the same time to what's in this Consultation Document.

These are: [add links in final version]

- Development Contributions Policy
- Wainui Wastewater Reticulation and Treatment Scheme
- Revenue and Financing Policy
- Rates Remission Policy
- Postponing of Rates Policy
- Remission and Postponement of Rates on Maori Freehold Land
- Schedules of Fees and Charges.

You can make your comments on any or all of these matters at www.ccc.govt.nz, at the same time or separate to making your submission on the Consultation Document – whatever is your preference.

Information on making a submission is available here [link].

9. Making your submission

Christchurch City Council would like your feedback on the proposals in the Consultation Document and other matters it is currently consulting on.

Please make your submission by 5pm on Monday *20 April 2015.*

To submit online:

- Use the form at www.ccc.govt.nz/ltp

To submit by email, send to:

- ccc-plan@ccc.govt.nz

To submit in writing, either using the print submission form or by letter, post to:

- Freepost 178 *(no stamp required)*
  Long Term Plan Submissions
  Christchurch City Council
  PO Box 73017
  Christchurch 8156 *(postmarked no later than 5pm on Monday 20 April)*

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

Your details

Your full name____
*Postal address____
*Postcode____
Email ____
* Mandatory fields

I am completing this submission:

☐ For myself or ☐ On behalf of a group or organisation *(please tick one)*

If you are representing a group or organisation, how many people do you represent? _____

Organisation name ____

Your role in the organisation ___________________________________
Signature ____
Date ____

Are you submitting a supporting petition?

Others may support your submission by signing a petition. All petitioners need to supply their full name and address. You need to email, post or deliver petitions, along with your submission. A sample petition form is attached, but you can design your own. The submission will count as one, but due consideration will be given to the petition as well. If petitioners wish to be heard (see below), they need to make an individual submission.

Do you want to be heard?
You can choose to present your submission at a public hearing. The hearings will be held on various days from 12 May. A limited time will be allocated for speaking to your submission, including time for questions from the hearing panel. You will be contacted to confirm the date and time of the hearing by phone.

Do you wish to present your submission at the hearing? *(Please tick)*

☐ No

☐ Yes *(You must provide contact details below)*

Daytime phone number __________________________

Email _______________________________

You are encouraged to combine your hearing presentation with other submitters – please discuss this when you are contacted to arrange a hearing time.

Submissions are public information
Subject to the provisions of the Local Government Official Information and Meetings Act 1987, **we will make all submissions publicly available, including all contact details you provide on your submission.** If you consider there are reasons why your contact details and/or submission should be kept confidential, please contact the Council, phone (03) 941 8999 or 0800 800 169.

[Submission form and petition form/inform to be included in final desktop-published version]

10. Appendices

Appendix 1:

Recovery Partners: Mandates, Roles, Responsibilities and Funding

Ngāi Tahu are the Māori people of the southern islands of New Zealand – Te Waipounamu – the Greenstone Isle – and are a strategic partner in the Recovery Strategy. They hold the rangatiratanga or tribal authority to over 80 per cent of the South Island. Ngāi Tahu means "people of Tahu" and all Ngāi Tahu whānui can trace their ancestry back to the tribe's founder, Tahu Pōtiki. Ngāi Tahu's involvement is required in all Recovery Strategy projects. They are a key player in the recovery and lead many of the rebuild projects in the city, including commercial and residential developments.

Canterbury Earthquake Recovery Authority (CERA) is the agency established by the Government to lead and coordinate the ongoing recovery in Greater Christchurch following the Canterbury Earthquakes. It developed and leads the Recovery Strategy, a requirement of the Canterbury Earthquake Recovery Act 2011.

The strategy provides a vision and an overarching, long-term road map for the reconstruction, rebuilding and recovery of greater Christchurch. It identifies six components of recovery with associated goals and work programmes. These are:

- Leadership and integration
- Economic recovery
- Social recovery
- Cultural recovery
- Built environment
- Natural Environment.

The Canterbury Earthquake Recovery Act 2011 came into force on 19 April 2011 and will last for five years. Greater Christchurch is defined in the Act as the districts of Christchurch City Council, Selwyn District Council and Waimakariri District Council, and includes the coastal marine area adjacent to these districts.

Christchurch Central Development Unit (CCDU) is the part of CERA leading the future development of the Central City. The Christchurch Central Development Unit (CCDU) exists to help bring a renewed central city to life by creating catalysts, including Anchor Projects, streets, public spaces and new residential development as well as providing high-quality information to others interested in investing in the Christchurch Central Business District.

NZ Transport Agency (NZTA) is the Crown agency responsible for contributing to an affordable, integrated, safe, responsive and sustainable land transport system. The NZ Transport Agency invests in Christchurch's roads of national significance projects, public transport and repairs to quake damaged transport infrastructure.

Environment Canterbury (ECan) is the regional council with a statutory responsibility for sustainable management of the region's air, water and land resources. ECan is leading the following plans as part of the Recovery Strategy:

- the Lyttelton Port Recovery Plan

- the Natural Environment Recovery Programme developed to restore and enhance the natural environment
- the Land Use Recovery Plan, a statutory document, which directs the Councils in Greater Christchurch to make changes to RMA documents and other instruments to give effect to the recovery plan. It identifies what needs to be done in the short and medium term to coordinate land use decision-making, identifies who is responsible and sets timelines for carrying out the actions.

The Council works with ECan in many areas including passenger transport, emergency manager, the Canterbury Water Management Strategy and contaminated land sites.

Selwyn District Council and Waimakariri District Council are our neighbouring territorial authorities and strategic partners in the Recovery Strategy.

Horizontal Infrastructure Governance Group (HIGG) is a joint governance group made up of the NZ Transport Agency, Christchurch City Council and CERA. HIGG's focus is the funding, scope and standards, strategy and prioritisation of major infrastructure rebuild projects.

Stronger Christchurch Infrastructure Rebuild Team (SCIRT) is rebuilding the city's earthquake-damaged roads, fresh water, wastewater and stormwater networks. SCIRT is an alliance between Canterbury Earthquake Recovery Authority (CERA), Christchurch City Council, New Zealand Transport Agency (NZTA) and contractors City Care, Downer, Fletcher Construction, Fulton Hogan and McConnell Dowell.

Christchurch's "horizontal infrastructure" (so-called because it runs horizontally along or under the ground) was extensively damaged as a result of the 2010 and 2011 earthquakes.

In response to this, SCIRT was set up in 2011 to repair and rebuild the city's earthquake-damaged roads, fresh water, wastewater and stormwater networks. SCIRT is funded by Christchurch City Council, Canterbury Earthquake Recovery Authority, and New Zealand Transport Agency. Representatives of the funders make up the Horizontal Infrastructure Governance Group (HIGG) and five contracting companies make up the SCIRT alliance.

As of February 2015, 65 per cent of the SCIRT programme has been completed. SCIRT plan to have finished all scheduled repairs by the end of 2016, after which the Council will take over the remaining earthquake recovery work. We are not certain yet how much work will be left to do but estimate it is likely to be 20 years before the city returns to its pre-earthquake state.

The most common questions residents have about the SCIRT programme are why our roads are still so rough and why SCIRT's contractors keep digging up the same piece of road.

Where possible, SCIRT will permanently rebuild and repair all the underground pipes and roads in one area, during one visit; however this is often not possible.

In most cases, the wastewater pipes are fixed first as these lie deepest underground. Then the stormwater and fresh water pipes are repaired and finally the road. Roads are fixed last and only after all the other infrastructure work is finished.

If all the pipe repairs cannot happen at the same time the road will be given a temporary seal until all the underground pipes are repaired **and** there are enough road surfacing jobs in one area to make permanent sealing economically feasible.

Appendix 2:

Companies the Council has shares in or owns through CCHL

Orion New Zealand Limited

Proposal	The proposal is to explore market opportunities to sell varying amounts of Orion New Zealand Limited (ONZ) to provide part of the Council's objective to achieve a realisation of capital up to $750 million. In respect of ONZ, the proposal is to make available for sale all or part of the shareholding held by CCHL. Orion owns and operates the electricity distribution network that provides power to around 190,000 homes and businesses. Orion aims to provide a safe, resilient, reliable and cost effective electricity distribution network. It is one of the largest electricity distributors in new Zealand and its network covers remote rural areas, regional towns and the cost of Christchurch. Its network traverses 8000 square kilometres of Canterbury. The value of CCHL's shareholding in the company was approximately $753 million at 30 June 2014 and for the 2016 financial year CCHL is forecasting the provision of a dividend stream from ONZ of $43 million. CCHL owns 89 per cent of ONZ and Selwyn District Council owns 11 per cent. Pre-emptive rights to purchase each other's shares exist between the shareholders of ONZ. If part or all of ONZ were sold it would have the following impact on dividends to the Council (based on 2016 forecasts):

Current Shareholding sold per cent	Remaining Shareholding per cent	Reduction in Dividends $m
89	0	43
38	51	18
23	66	11
14	75	7

Reasons	As set out in the Financial Strategy the purpose of selling these shares in ONZ is to reduce the Council's debt levels. Orion's prices are highly regulated and the shareholder has little influence over the company in this regard although it can influence the quality and resilience of its network within the parameters of the regulated pricing and the dividend stream derived from the company. Retention of 51 per cent of the company would retain control of the company, retention of 66 per cent would enable tax grouping with other entities in the Council group, and retention of 75 per cent of the company would enable control of the constitution of the company and any extraordinary decisions requiring shareholder approval.
Reasonably Practical Options	Orion is the largest company in the CCHL portfolio and if it was sold in its entirety there would be limited need for the sale of other assets to meet the Council's requirements. Alternative are to sell other assets and retain all or a greater part of Orion.

Accountability/Monitoring	While CCHL retains control of ONZ it will continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent. Depending on the number of shares retained, the number of directors appointed by CCHL would need to be adjusted in reasonable proportion with the shareholding. If another significant shareholder was introduced into ONZ through the sale of shares, a shareholders agreement would be entered into with the other party to establish parameters for a working relationship and to protect certain key issues for the community If the shares were disposed of entirely there would be no monitoring or accountability mechanisms available apart form information in the public domain.
Conflicts of Interest	A change of ownership is not expected to create any conflicts of interest.

Christchurch International Airport Limited

<table>
<tr><td>Proposal</td><td>
The proposal is to explore market opportunities to sell varying amounts of Christchurch International Airport Limited (CIAL) to provide part of the Council’s objective to achieve a realisation of capital up to $750 million. In respect of CIAL, the proposal is to make available for sale all or part of the shareholding held by CCHL.
CIAL is New Zealand’s second largest airport providing the busiest and most strategic air connection to the worlds trade and tourism markets for the Christchurch and the South Island. It occupies a unique position both physically and economically, and plays a very important role in the local economy. In addition to providing for the carriage of significant amounts of freight, over the past financial year some 5.7 million passengers have travelled in and out of the airport.
The value of CCHL’s shareholding in the company was approximately $534 million at 30 June 2014 and in the year ending 30 June 2016 CCHL is forecasting the provision of a dividend stream from CIAL of $16.5 million.
CCHL owns 75 per cent of CIAL and the Crown owns 25 per cent. Pre-emptive rights to purchaser each others shares exist between the shareholders of CIAL.
If part or all of CIAL were sold it would have the following impact on dividends to the Council (based on 2016 forecasts):
<table>
<tr><th>Current Shareholding sold per cent</th><th>Remaining Shareholding per cent</th><th>Reduction in Dividends $m</th></tr>
<tr><td>75</td><td>0</td><td>12.4</td></tr>
<tr><td>24</td><td>51</td><td>4.0</td></tr>
<tr><td>9</td><td>66</td><td>1.5</td></tr>
</table>
</td></tr>
<tr><td>Reasons</td><td>
As set out in the Financial Strategy the purpose of selling these shares in CIAL is to reduce the Council’s debt levels.
CIAL is seen as a key part of the infrastructure of Christchurch being important not only as a facilitator of tourism and trade but also an entity which influence the growth of both facets. For this reason there is a preference for at least retaining control of the company. The Crown is a minority shareholder and consideration may be given to approaching the
</td></tr>
</table>

	Crown with a view to a joint sale or the acquisition of the Crowns share to enable the sale of a larger share of the company while retaining local control. Retention of 51 per cent of the company would retain control of the company; retention of 66 per cent would enable tax grouping with other entities in the Council group, while holding 75 per cent of the company would enable control of the constitution of the company and any extraordinary decisions requiring shareholder approval.
Reasonably Practical Options	If the sale of other assets meets the Council's requirements then it would not be necessary to sell as much of CIAL.
Accountability/Monitoring	While CCHL retains control of CIAL it will continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent. Depending on the amount of shares retained the number of directors appointed by CCHL would need to be adjusted in reasonable proportion with the shareholding. If another significant shareholder was introduced into CIAL through the sale of shares then a shareholders agreement would be entered in to with the other party to establish parameters for a working relationship and to protect certain key issues for the community. If the shares were disposed of entirely then there would be no monitoring or accountability mechanisms available apart from information in the public domain.
Conflicts of Interest	A change of ownership is not expected to create any conflicts of interest.

Lyttelton Port Company Limited

Proposal	The proposal is to explore market opportunities to sell varying amounts of Lyttelton Port Company Limited (LPC) to provide part of the Council's objective to achieve a realisation of capital up to $750 million. In respect of LPC, the proposal is to make available for sale all or part of the shareholding held by CCHL. LPC is the South island's biggest port and the third largest in New Zealand. The port facilitates import and export trade for the region, playing a vital role in supporting the economy, businesses, people and the global transport network A full array of shipping services, including stevedoring and cargo handling, are offered for a diverse range of trades. The port handles over 376,000 TEUs (20 foot equivalent units) of containerised cargo through the port each year. The port is serviced by rail and it has the largest coal facility in New Zealand. The value of CCHL's shareholding in the company was approximately $261 million at 30 June 2014 and in the year ending 30 June 2015 CCHL is budgeting for the provision of a dividend stream from LPC of $8 million. CCHL owns 100 per cent of LPC. If part or all of LPC were sold it would have the following impact on dividends to the Council (based on 2016 forecasts):

Current Shareholding sold per cent	Remaining Shareholding per cent	Reduction in Dividends $m
100	0	8.0
49	51	3.9
34	66	2.7

		25	75	2.0	

Reasons	As set out in the Financial Strategy the purpose of selling these shares in LPC is to reduce the Council's debt levels. LPC is seen as a key part of the infrastructure of Christchurch being essential for the import and export of goods which are essential to the economy. It is important that the region continues to be served with a wide range of facilities and trades. Retention of 51 per cent of the company would retain control of the company, retention of 66 per cent would enable tax grouping with other entities in the Council group, while holding 75 per cent of the company would enable control of the constitution of the company and any extraordinary decisions requiring shareholder approval.
Reasonably Practical Options	If the sale of other assets meets the Council's requirements then it would not be necessary to sell as much of LPC.
Accountability/Monitoring	While CCHL retains control of LPC it will continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent. Depending on the amount of shares retained the number of directors appointed by CCHL would need to be adjusted in reasonable proportion with the shareholding. If another significant shareholder was introduced into LPC through the sale of shares then a shareholders agreement would be entered in to with the other party to establish parameters for a working relationship and to protect certain key issues for the community. If the shares were disposed of entirely then there would be no monitoring or accountability mechanisms available apart from information in the public domain.
Conflicts of Interest	A change of ownership is not expected to create any conflicts of interest.

City Care Limited

Proposal	The proposal is to explore market opportunities to sell City Care Limited (CCL) to provide part of the Council's objective to achieve a realisation of capital up to $750 million. In respect of CCL, the proposal is to make available for sale all of the shareholding held by CCHL. CCL is a leading provider of contracting services across the built environment. CCL delivers its services to over 2 million New Zealanders, from 18 offices and depots throughout New Zealand and is recognised as a major player within the building, civil construction, water and wastewater, greenspace, roading, construction and facilities management sectors. CCL is a large national contracting entity which holds a major portion of the local government infrastructure maintenance market with over 20 city/district council clients including Christchurch City Council. The value of CCHL's shareholding in the company was approximately $136 million at 30 June 2014 and in the year ending 30 June 2016 CCHL is budgeting for the provision of a dividend stream from CCL of $7.4 million. CCHL owns 100 per cent of CCL. If all of CCL was sold it would have the following impact on dividends to

	the Council: <table><tr><td>Current Shareholding sold per cent</td><td>Remaining Shareholding per cent</td><td>Reduction in Dividends $m</td></tr><tr><td>100</td><td>0</td><td>7.4</td></tr></table>
Reasons	As set out in the Financial Strategy the purpose of selling these shares in CCL is to reduce the Council's debt levels. The work that CCL does for Council is under contractual arrangements and these contracts can be continued after the company is sold. While CCL is valued by Council as a contractor is does not need to own it for it to continue to service the city. CCL has to compete with other contractors for the work it undertakes for the Council and is not the sole provider to the Council under the current arrangements. There are a wide range of options available to the Council to obtain contracting services and no longer is there a need to provide competition to keep other contractors honest. Apart from revenue from dividends there is no strategic reason for retaining a partial ownership in CCL since the ownership benefits have no practical impact on how the Council selects and controls its contractors.
Reasonably Practical Options	If the sale of other assets meets the Council's requirements then it would not be necessary to sell CCL.
Accountability/Monitoring	While CCHL retains control of CCL it will continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent. If the shares were disposed of entirely then there would be no monitoring or accountability mechanisms available apart from information in the public domain.
Conflicts of Interest	While Council retains control of CCL (through CCHL) it has to be careful not to provide any favoured status to CCL when tendering contracts. While Council will always need to ensure a fair procurement process any potential for a conflict of interest over CCL would be removed if the company is sold.

Red Bus Limited

Proposal	The proposal is to explore market opportunities to sell Red Bus Limited (RBL) to provide part of the Council's objective to achieve a realisation of capital up to $750 million. In respect of RBL, the proposal is to make available for sale all of the shareholding held by CCHL. RBL operates an extensive passenger transport business in Canterbury with approximately 230 employees and 122 vehicles. Its core business is the provision of urban services which are predominantly operated under contract to Environment Canterbury (ECAN), the planner and regulator for Canterbury public transport. RBL carries approximately 3.5 million passengers per year on the urban routes it holds under contract. ECAN establish the standards for the urban services it controls and these services are periodically tendered. Following re-tendering of a number of the urban services in 2013 Redbus lost a significant slice of the routes it had previously operated and has had to downsize its fleet to remain marginally profitable. RBL currently operate less than 50 per cent of the urban routes in the city. The next significant urban tenders are in 2018.

	The company also provides school bus, charter and tourism services. The company is marginally profitable but remains cash flow positive. If the current urban transport control model changes at all, it would be wise for Council to retain flexibility to be able to sell if required to do so. The value of CCHL's shareholding in the company was approximately $23 million at 30 June 2014 and in the year ending 30 June 2016 CCHL is budgeting for the provision of a dividend stream from RBL of $1.3 million. CCHL owns 100 per cent of RBL. If all of RBL were sold it would have minimal impact on dividends to the Council since the dividends currently being forecast will be paid out of reserves rather than profits. Should the company be sold the cash reserves could be stripped out beforehand.
Reasons	As set out in the Financial Strategy the purpose of selling these shares in RBL is to reduce the Council's debt levels. Given the marginal profitability of RBL and its vulnerability to future tendering of the routes it currently operates in the urban passenger market, the Council would reduce its risks by selling RBL. While RBL is valued by Council as an operator of quality passenger transport services the Council is unable to control the standard of those services through its ownership of RBL because the company has to operate within the tendering envelope which determines its future revenues. In any case RBL does not operate in all areas of the city.
Reasonably Practical Options	Retention of RBL to provide the core delivery services of a new urban transport authority could be considered but it is doubtful if NZTA would condone favouring one operator over another.
Accountability/Monitoring	While CCHL retains control of RBL it would continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent. If the shares were disposed of entirely then there would be no monitoring or accountability mechanisms available apart from information in the public domain.
Conflicts of Interest	If the Council was able to gain control of the urban transport function it would have to take great care to ensure that it did not favour RBL over other contractors.

EcoCentral Limited

Proposal	It is not proposed to explore market opportunities at this time to sell any interest in EcoCentral Limited (ECL) to provide part of the Council's objective to achieve a realisation of capital up to $750 million. ECL manages the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region. The company is committed to reducing the amount of waste going to landfill and finding ways to ensure Christchurch leads the way in recycling. It manages three transfer stations, a recycling and sorting plant, a retail outlet for recycled goods. The value of CCHL's shareholding in the company was approximately

	$12 million at 30 June 2014 and in the year ending 30 June 2015 CCHL is budgeting for the provision of a dividend stream from ECL of $0.2 million. CCHL owns 100 per cent of ECL. If all of ECL was sold it would have the following impact on dividends to the Council:

Current Shareholding sold per cent	Remaining Shareholding per cent	Reduction in Dividends $m
100	0	0.2

Reasons	ECL is a relatively small company and manages Council owned assets many of which it leases from Council. It is a key part of the Council's waste strategy and because of the tenure of the leases it would not necessarily be practical to sell the company.
Reasonably Practical Options	None.
Accountability/Monitoring	While CCHL retains control of ECL it would continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent.
Conflicts of Interest	No change of ownership is proposed and there are no current conflicts of interest.

Enable Services Limited

Proposal	It is not proposed to explore market opportunities at this time to sell any interest in Enable Services Limited (ESL) to provide part of the Council's objective to achieve a realisation of capital up to $750 million. Consideration of a sale may be given after 2021 when the network is fully built, a release from contractual obligations to the Government is negotiated and if the Council's need for capital still remains. ESL is investing in a fibre broad band network that will transform how people use technology in their businesses and their homes and will provide tremendous value to the community as an enabler of future innovation and economic growth. ESL is in partnership with Government through Crown Fibre Holdings Limited as part of the national ultra-fast broadband initiative and has obligations to complete the roll-out of the network. At the end of 2014 the network reached over 51,000 homes, businesses and schools and healthcare facilities, meaning that 70,000 users end users across greater Christchurch can now connect. Once complete the network will reach 180,000 potential customers. The value of CCHL's shareholding in the company was approximately $41 million at 30 June 2014. For the year ending 30 June 2016 CCHL is not budgeting to receive any dividend stream from ESL as the network is still being built. CCHL owns 100% of ESL.
Reasons	As set out in the Financial Strategy the purpose of selling shares is to reduce the Council's debt levels. CCHL has legal obligations to ensure the broadband roll-out is

	completed satisfactorily. These obligations are likely to remain even if the company is sold and therefore it would be unwise to sell and end up with a risk of financial obligations in respect of a company over which there is no control. Significant revenue growth is expected to happen between now and 2021 and it is considered sensible to await that growth to optimise value before any consideration is giving to selling ESL.
Reasonably Practical Options	If the sale of other assets meets the Council's requirements and there is no pressure on debt ratios post 2021 then it would not be necessary to sell ESL.
Accountability/Monitoring	While CCHL retains control of ESL it will continue to be monitored by CCHL through the provision of regular reports and the annual negotiation of a statement of intent. Until the shareholding changes the number of directors appointed by CCHL is expected to remain the same.
Conflicts of Interest	A change of ownership is not expected to create any conflicts of interest.

Appendix 3:

Redefining our Strategic Assets

The Council is proposes removing some assets from its current list of Strategic Assets.

In removing these assets the Council is not proposing that these be sold. These assets are not part of and are different to the seven companies from which we are proposing to release capital.

We are proposing the following assets be removed from the list of Strategic Assets. These are:

- Addington Arena (currently called Horncastle Arena)
- Lancaster Park
- All off-street parking facilities owned and operated by the Council
- The Council's shareholding in VBase Ltd.

What are Strategic Assets?
All Councils are required to have a list of what they consider to be their Strategic Assets (the Local Government Act 2002 says these are the assets that a council needs to retain to achieve or promote important outcomes for the community).

It has been some time since the Council measured the assets it decided were strategic against the criteria in the Local Government Act. The test to determine whether or not an asset, or a group of assets, is strategic is to make an assessment of whether or not it meets these criteria. If it does not there is no particular reason for the asset (or asset group) to be listed.

The criteria, as noted above, is that to be strategic the Council must decide that retaining a particular asset, or group of assets, is necessary if the Council is to maintain its capacity to achieve or promote any outcome it has determined to be important to the current or future wellbeing of the community.

We are proposing that many of the assets on the current list should be kept for strategic reasons, and/or their importance to the well-being of the community. These include:

- Infrastructure for core services, such as water and wastewater networks, roading and public transport
- The city's waste management system including the transfer stations
- Community infrastructure, for example, Council-owned pools, parks, libraries, cemeteries, wharves and jetties and the permanent collection of the Christchurch Art Gallery
- Shares the Council retains in Christchurch City Holdings Ltd (CCHL).

However there are less certain reasons for regarding as strategic other assets currently on the list, including the Addington Arena (currently called the Horncastle Arena), Lancaster Park, and off-street parking owned or operated by the Council. While these assets have a role to play in activities enjoyed by Christchurch residents, it could be argued that the Council retaining ownership is not necessary for the wellbeing of the community. In particular, perhaps it is appropriate that off-street parking in the central city be provided by the promoters of retail and commercial developments. The Council is currently undergoing a process to determine whether or not there is any interest in this.

Vbase Ltd provides mainly event management and hospitality services to the Council and the private sector. Now that Vbase no longer owns and operates on the Council's behalf facilities such as AMI Stadium, the Christchurch Town Hall and the now demolished Convention Centre, there is little justification for the Council to be involved in this business. Vbase is currently being operated from within the Council.

Summary of Proposal to remove assets from list of Strategic Assets

The Council proposes that it amend its Significance and Engagement Policy by removing from the list of Strategic Assets:

- Addington Arena (currently called Horncastle Arena)
- Lancaster Park
- All off-street parking facilities owned and operated by the Council
- The Council's shareholding in VBase Ltd.

Appendix 4:

CCHL subsidiaries – summary as at 20 June 2014

	Note	Orion	Christchurch International Airport Ltd	Lyttelton Port Company	Eco-Central	City Care	Red Bus	Enable Services Ltd
Percentage owned	1	89.3%	75%	79.7%	100%	100%	100%	100%
Operating Revenue		268.2	139.9	115.8	35.7	350.8	17.4	65.8
Profit	2	50.5	15.7	343.2	(0.9)	12.9	(0.6)	(6.5)
Dividends ($m)	3	34.0	6.6	2.0	0.2	5.7	-	-
Dividend yield	4	4%	0.9%	0.6%	1.71%	4.2%	0%	0%
Net assets ($m)		733.0	745.2	533.1	4.7	50.5	38.6	21.5%
Book value of CCHL shares ($m)		753.0	534.2	260.8	11.8	136.3	23.0	40.9%

1. Lyttelton Port Company holding increased to 100% in October 2014
2. Lyttelton Port Company profit includes earthquake insurance settlement
3. Total company dividend
4. First Lyttelton Port Company dividend since the earthquakes

Our assets

The Council has assets worth $11.8b. This includes roads, pipes, playgrounds, and more than 1000 buildings, with $1.6b of key assets owned by its commercial arm, Christchurch City Holdings Ltd (CCHL).

cchl CHRISTCHURCH CITY HOLDINGS LIMITED — **parent company**

Christchurch International airport Limited	runs and owns the airport	75% council owned
lpc Lyttelton Port of Christchurch	runs and owns the port	100% council owned
Orion yourNETwork	owns our electricity network (the lines)	89% council owned
city care	roading and building contractor	100% council owned
red bus	runs bus services (public and private charters)	100% council owned
ECO CENTRAL Canterbury's rubbish lovers	runs transfer stations, EcoShop and processes recycling	100% council owned
enable Delivering new possibilities	fibre company building and operating the ultra fast broadband network for Christchurch and surrounding centres	100% council owned

Appendix 5: Impacts of rates increases

Quantified limits on rates and rates increases from the Financial Strategy

The quantified limits on rates and rate increases relate to total rates income, which includes penalties and rates collected during the year under the Order in Council. Please note these are particular definitions required to be disclosed under legislation which are different from those used to produce the previous rate percentage information. For existing ratepayers the actual increase is always lower than the absolute increase as long as the number of ratepayers continues to grow. For this reason existing ratepayers should focus on the previous information rather than the table below. The quantified limit on rates is set at 1% above the rates income contained in the Plan's financial statements. This allows Council some limited flexibility to cope with changes in the pace of the rebuild which are difficult to forecast.

The quantified limit on rates increases is similarly set at 1% above the nominal year on year increase in rates income.

The quantified limit on borrowing is set at 250% of annual revenue, plus liquid assets plus CCO on-lending.

The quantified limits and debt headroom are as follows:

Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Rates ($m)	401	439	485	523	557	589	619	643	663	689
Rates Increase	11.8%	10.6%	11.3%	9.0%	7.5%	6.7%	6.0%	4.9%	4.2%	4.9%
Borrowing	3,744	2,700	2,279	2,303	2,335	2,436	2,522	2,619	2,716	2,815

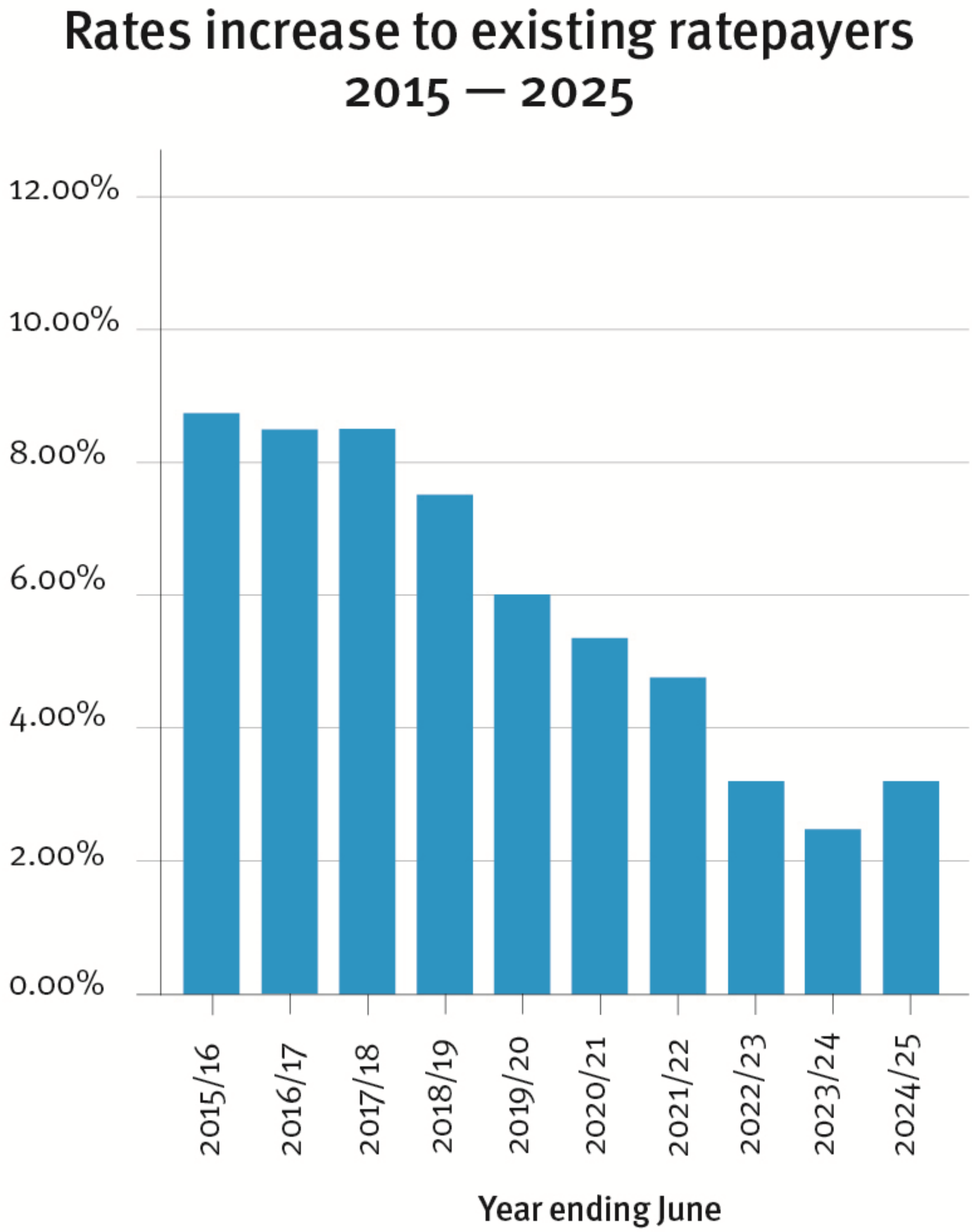
Proposed changes to rates from the Rating Policy.

There is a proposal in the Rating Policy to change how the differential category for the Rural Differential on the General Rate is defined. This change is proposed to make the definitions more transparent, clearer and more certain to apply.

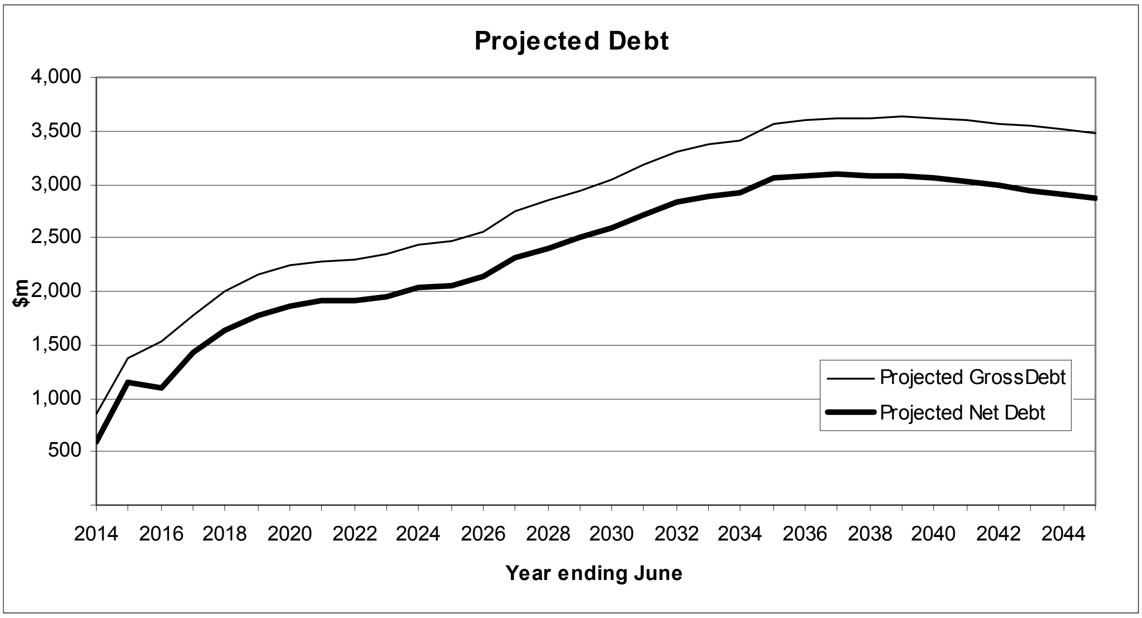
The effect is that approximately 548 properties will be added to the Rural Differential category with a consequent reduction in the general rate on those properties in the order of 25%, and approximately 1,131 will be removed from the category with a consequent increase in the general rate on those properties in the order of 25%. This change will not affect any targeted rates.

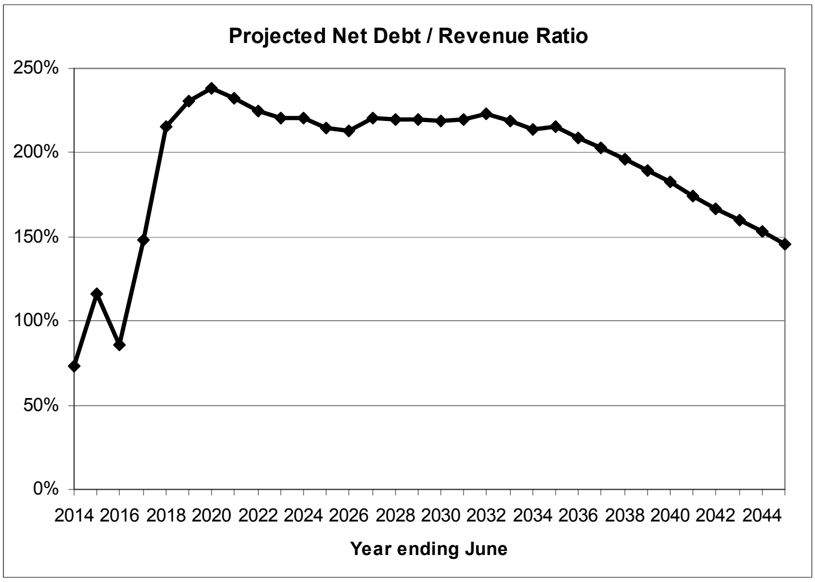
Impacts of rates proposals on sample properties

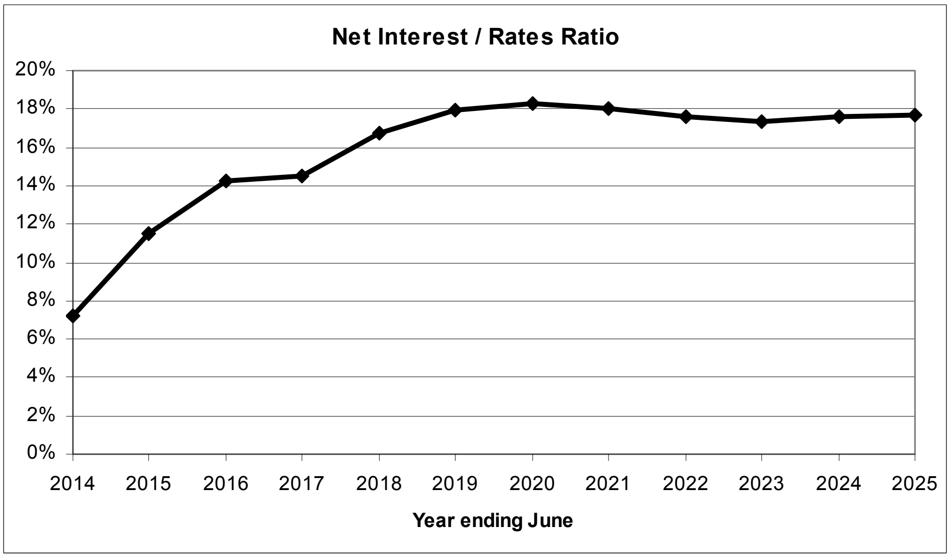
	Capital Value	**2014/15 Actual** Rates (incl. GST)	**2015/16 Draft** Rates (incl. GST)	% change
Standard		**$**		
	200,000	1,081	1,147	6.1%
	300,000	1,475	1,582	7.3%
	350,000	1,672	1,800	7.7%
median 2013	380,000	1,790	1,931	7.9%
	400,000	1,869	2,018	8.0%
avg 2013	441,655	2,033	2,199	8.2%
	450,000	2,066	2,236	8.2%
	500,000	2,263	2,453	8.4%
	550,000	2,460	2,671	8.6%
	600,000	2,657	2,889	8.7%
	650,000	2,854	3,107	8.9%
	700,000	3,051	3,324	9.0%
	800,000	3,445	3,760	9.2%
	900,000	3,839	4,196	9.3%
	1,000,000	4,233	4,631	9.4%
Business				
	200,000	1,440	1,546	7.4%
	300,000	2,014	2,182	8.3%
	400,000	2,587	2,817	8.9%
	500,000	3,161	3,452	9.2%
	600,000	3,735	4,088	9.5%
	700,000	4,308	4,723	9.6%
	800,000	4,882	5,359	9.8%
	900,000	5,456	5,994	9.9%
	1,000,000	6,029	6,630	10.0%
avg 2013	1,293,000	7,710	8,491	10.1%
	2,000,000	11,766	12,984	10.4%
	5,000,000	28,975	32,046	10.6%
Rural				
(not water, sewerage, or drainage rates, but includes part waste minimisation rate)				
	200,000	662	695	5.0%
	300,000	866	922	6.4%
	400,000	1,071	1,149	7.4%
	500,000	1,275	1,376	8.0%
	600,000	1,479	1,604	8.4%
	700,000	1,683	1,831	8.8%
	900,000	2,091	2,285	9.3%
	1,000,000	2,295	2,512	9.4%
avg 2013	1,041,000	2,379	2,605	9.5%
	2,000,000	4,337	4,783	10.3%
	3,000,000	6,378	7,054	10.6%


Rates increase to existing ratepayers
2015 — 2025
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
2015/16
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
Year ending June

Our Projected debt – including the net debt to revenue ratio and net interest to rates ratio







Appendix 6: Key proposed changes to Community Facilities and Services as Indicated in Activity Management Plans and Draft Long Term Plan

A number of changes are proposed in the Council's Activity Management Plans, relating to increased fees or reduced levels of service. There are two main reasons for this. Firstly, the Council must make operational savings as part of its Financial Strategy, so savings of -2% have been built into the majority of budgets over each of the next three years. Secondly, the value of revenue obtained through fees erodes over time so must keep track of inflation. (If not then user-pays services in particular – which are based on fees covering the cost of the service – become a burden on general rates, rather than the person receiving them.)

Recreation and Sports Facilities
New facilities to open during the period of the Long Term Plan:

- Metro Sports facility
- North Eastern Recreation and Sports Centre (preferred site QEII)
- Ngā Puna Wai
- Western Recreation and Sports facility
- New Brighton salt water pool 'legacy' project
- Pool for Linwood/ Woolston.

In order to achieve 2% savings fees will be increased and some facilities will be closed or not re-opened.

Facilities that are proposed to be closed:

- **Wharenui pool** (due to age, low compliance with the New Building Standard, and being within 2km of the planned Metro Sports facility)
- **Rawhiti Golf Links** (due to availability of other courses, costs and low attendance)
- **South Brighton Camping Ground's** future is considered 'precarious' and it may close in 2015 (due to damage to land, civic infrastructure and buildings)
- **Avebury Park** paddling pool will not be re opened. **Woodham Park, Abberley Park and Edgar MacIntosh Park paddling pools** will not be replaced at the end of their useful life (10 years plus).

Proposed fee increases:

- Annual membership for access to pool and fitness, all recreation and sport centres to increase from $815 to $885.80 (with a discount for members who rejoin before membership lapses)
- Absence fee per hour for childcare facilities without 24 hour notice of $7 per hour (new fee).
- Hire fees for Council community halls to increase about three per cent.
- Round fees at Rawhiti Golf Links are up as much as 18 per cent.
- Jellie Park hydro slide fees are up ten per cent for children (in winter).

Sports Parks
It is proposed that the number of smaller built facilities on Sports Parks will be reviewed in conjunction with the Council's facilities rebuild process. There are a number of small single purpose facilities, such as change rooms and club houses, which are below building code,

duplicate other facilities and are no longer fit for purpose. No indication is given of which facilities will be closed.

Fee increases:

- New fee for ground markings on sport grounds of $175.
- Increased charges for sports field users between two and five per cent

Community Facilities
The Council has prioritised the development and/or repair of major community facilities in:

- Aranui, Heathcote, Sumner, Halswell, Bishopdale and Riccarton

Facilities that no longer effectively meet community need, are impractical to repair or are unable to be operated sustainably by the community may be closed. This is proposed to happen in cases where:

- They are damaged beyond repair or the repair costs exceed the Council's reasonable ability to pay.
- They have been superseded by newer or alternative fit-for-purpose facilities, perhaps provided by others.
- Viable alternatives to deliver the service are available (e.g. volunteer libraries as part of a larger community facility as opposed to a stand alone building).
- A reasonable need can no longer be demonstrated, for example poor usage.
- Where motivated community groups can or own the facility in a sustainable fashion.

No indication can be given of which facilities will be closed – decisions will be made on a case by case basis, using the criteria listed above.

Fee increases:

- Hire fees for Council community halls are up between about four and nine per cent. Fees also vary depending on who is using the facilities (cheaper for not-for-profit organisations and private, family functions than for commercial use).

Libraries
Opening hours in the central city (which are currently reduced at the two temporary libraries) will be returned to normal when the new Central Library is opened.

New library facilities to be opened:

- In the central city (Central Library), Sumner, Bishopdale, Hornby, Linwood and Belfast
- A library archive storage facility.

Library facilities to be closed:

- Redwood (on the opening of the Belfast library).

Libraries requiring closure for repair:

- South, New Brighton, Papanui and Lyttelton.

Fee increases (some examples):

- For borrowing single CDs and DVDs fee rise from $1 to $3, and DVD sets from $2 to $6.
- Holds from $2 to $3 per item
- Bestseller lending fees have actually reduced.

Art Gallery
The Council is considering reducing the number of exhibitions each year. Significantly increased fees are being proposed for venue hire, ranging from 6% to 66%.

Cemeteries
The principal change which will be of interest to residents is an increase in fees:

- Most burial fees have increased by about five per cent but costs for burials after 4pm Mon – Fri, and after 1pm Saturday have increased by 9.8 per cent ($270)
- Search fees for written information are up 100% ($57.60) and so is transfer of burial right fees ($57.60).

All Parks
Key issues raised:

- Reduced budgets will mean lower levels of maintenance
- The estimated cost of maintenance of the Avon River Precinct (once handed over to the Council) of $1.33 million annually is not currently budgeted for in the Long Term Plan.

Key changes:

- Deferred renewals of play and fitness equipment, park furniture, garden borders and hard surfaces, such as paths and carparks
- In some cases equipment may be removed rather than renewed, but again this is very much on a case-by-case basis.

Fee increases:
New fees for wedding ceremonies in parks and reserves:

- Garden and Heritage parks $100
- Botanic Gardens and Mona Vale $150
- Townsend House/Cunningham House $1000 - $2000
- Other garden buildings venue hire $1000 - $2000
- Other garden buildings dressing/preparation $450.

Photography in parks

- Fees have been introduced for commercial photography in parks and reserves, ranging from $50 to $500, depending on impact and season.

Events
The need for cost savings means the number and type of events held will be reviewed and a new Events Policy will be developed and implemented.

Fee increases:

- For events held in all parks and reserves and in the central city the increase is generally about three per cent.

Building Control
The Building Control unit is proposing to reduce levels of service in two areas:

- For building consents and Code Compliance Certificates reducing from 100% to 90% but within 19 days
- For building inspections, reducing from 99% to 85% and returning to 95% over four years. Reasons for this included increased demand for inspections and the lack of available, qualified staff.

Fee increases:

- New fixed building consent fee for residential dwellings in the 'Streamlining' process – between $2000 and $3800
- Fees in the Building Control and City Rebuild group have only gone up an average of five per cent
- For residential and commercial applications the deposit for consent has mostly reduced
- New fee for amending building consent for solid/liquid fuel heater $280
- An application for works to protected or heritage trees is now $1000, up from $700
- An application for approval as a CCC-authorised drain layer or water supply installer is now $540 – up from $100.

Land and property information services

The Council is proposing to provide a self-service online request and retrieval service for property file records. This will allow people to get files more quickly and provides a convenient alternative to existing ways to access the information. A fast-track LIM option will also be available for people who need information at short notice.