

Christchurch City
Draft Annual Plan
and Three Year Plan
amendments

2014

2015

Summary

Christchurch Ōtautahi

**We're on
our way**

Christchurch
City Council



Message from our Mayor and Acting Chief Executive

Christchurch faces huge challenges as we recover from the earthquakes and rebuild our city.

In this year's Draft Annual Plan, our aim is to clearly set out what we think we need to do. It also sets out any changes to the Three Year Plan 2013/16.

Your feedback on what we are proposing in the draft plan and budget for the year ahead is a vital part of our planning. We want to help you fully understand our financial position so that you can tell us what you believe our priorities should be.

We face real challenges as a city, especially as three years on we still haven't settled our insurance payout. We need to understand what this means and to decide what is important and what can wait. As a Council we need to strengthen our relationships with the community and with all our partners in the city rebuild.

The public consultation on this plan seeks your feedback on a wide range of issues including how we manage the day-to-day services required to keep a city running such as rubbish collection, water supply and parks maintenance. It also updates information on the repair and reopening of community facilities, suburban swimming pools, community halls and libraries as well as building new community assets where the loss has been the greatest. We also need to meet demand in areas of new residential growth.

In addition to restoring our community assets, funding the multi-billion dollar rebuild of the city is clearly a top priority. This includes all horizontal infrastructure (roads, drinking water, wastewater and stormwater) which is so vital to the city. As you are aware, the Council has signed a \$4.8 billion cost-sharing agreement with the Government for the development of the anchor projects and horizontal infrastructure. Once a review of the extent of damage to our underground pipes and roads is completed, this figure could potentially increase.

As this publication went to print, we were due to receive a report on the state of the Council's finances from consultants KordaMentha. Commissioning this independent report was one of our first actions after being elected last year. We can only work on the financial issues facing the city when we understand what those issues are. KordaMentha has been asked to produce a plain-language report which we will share publicly so everyone understands the city's situation.

We already know that the outcome of our insurance negotiations may have a significant effect on our ability

to pay for rebuild projects. Last year's Three Year Plan assumed insurance claims would fund about \$1 billion of the rebuild. So far the Council has been paid \$356 million, and negotiations are ongoing.

We have also asked investment bank and corporate advisory firm Cameron Partners to review the commercial assets and income-generating capacity of the companies owned by our investment arm Christchurch City Holdings Ltd. These include Orion New Zealand Ltd (89.3% shareholding), Christchurch International Airport Ltd (75%), Lyttelton Port Company Ltd (79.57%), Red Bus Ltd (100%) and City Care Ltd (100%).

The loss last year of accreditation as a Building Consent Authority put significant pressure on our finances. Changes have now been put in place to ensure the Council is able to manage increased demand created by the earthquakes and ensure the timely processing of consents. We are proposing to increase fees for Building Consenting and Inspection Services by 16 per cent on average to minimise the effect on rates.

The Draft Annual Plan proposes an average rates increase of 6.5% (including a special charge of 1.93%) as set out in last year's Three Year Plan. We have worked hard to keep the increase to this level. We are proposing a range of savings measures across Council budgets, but we need to do more, and again, your input will be valuable in helping us assess priorities.

You'll find details about these proposals and more in this publication – please take the time to read through and tell us what you think about the draft plan. Your feedback is an important part of the Council's planning process and we want to hear from you.



Lianne Dalziel
Mayor



Jane Parfitt
Acting Chief Executive



Photo by Doug Richardson. Street art at The Colombo, Sydenham, by Beastman - Vans

Contents

- 1 Message from our Mayor and Acting Chief Executive
- 2 About the Draft Annual Plan
- 3 What does the draft plan do?
- 5 Balancing the books
- 8 How your rates contribute
- 9 Looking to the future
- 10 Answering your questions
- 11 How to have your say
- 12 Submission form

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About the Draft Annual Plan

What is the Draft Annual Plan?

The Christchurch City Council's Draft Annual Plan sets out what the Council will do over the next year, how much this will cost and where the money will come from. It's all about how we will keep essential services running, pay for the rebuild, and fund initiatives to assist the city's post-earthquake recovery. The Draft Annual Plan also explains the impact of this spending on your rates.

Why do we need one?

Running a city is a complicated business, particularly in the years following a major natural disaster. Priorities set in the Draft Annual Plan touch the lives of everyone who lives here so it's important you take the opportunity to have a say about what the Council does over the next year.

How can I have my say?

Please tell us what you think about the proposals in the Draft Annual Plan by making a submission.

Councillors will consider the submissions. Your feedback will be taken into account and may be added to the final version of the Annual Plan when it's adopted at the end of June.

There are many ways you can share your thoughts on the Draft Annual Plan between 17 March and 22 April.

Submission forms are included with this summary.

They are also online at www.ccc.govt.nz/haveyoursay or in Council libraries and service centres.

You can send us your submission in writing, online, or by email. For more information see Page 12.

Submissions close on Tuesday 22 April 2014.

What does the draft plan do?

The Draft Annual Plan is the equivalent of a household budget and outlines the Council's spending over the coming year.

Operational spending

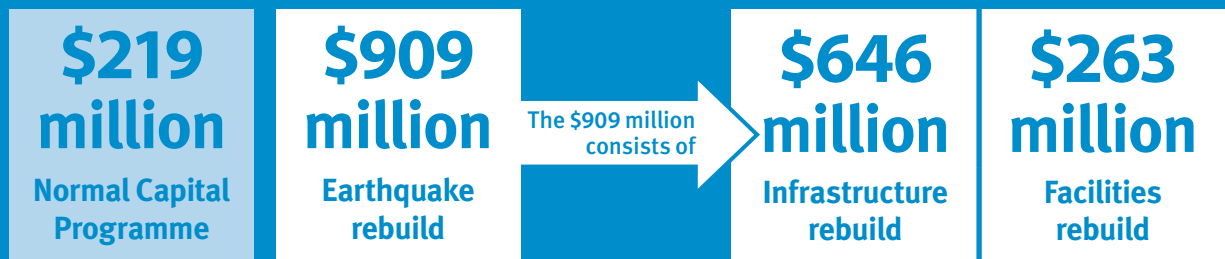
Covers day-to-day core services such as maintaining parks, supplying water and repairing footpaths. We will spend \$474 million over the next year on this work.

Keeping us going...



Capital Programme spending

Covers infrastructure such as roads and sewers. It also includes the building of new facilities. The Council plans to invest \$1.1 billion in its Capital Programme in 2014/15 which is made up of:

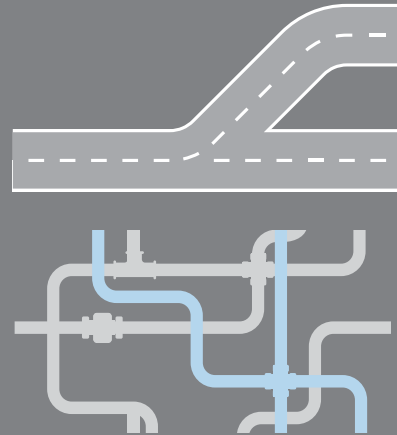


Rebuilding together

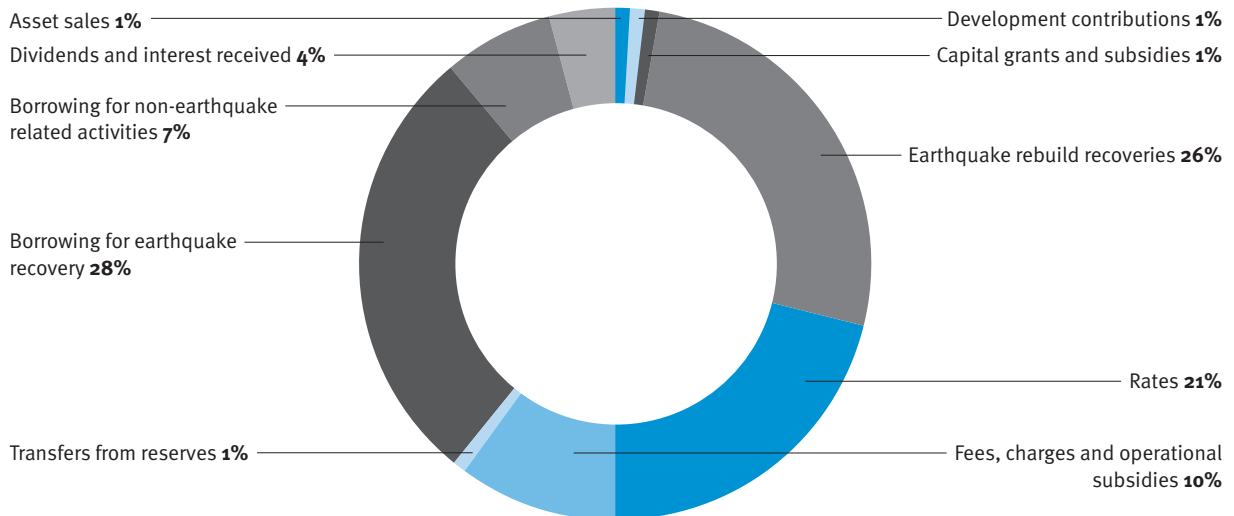
The Stronger Christchurch Infrastructure Rebuild Team (SCIRT), a joint Council/Government partnership, continues repair work on damaged roads, sewers, water supplies and storm water networks.

Since SCIRT was established in September 2011 it has:

- Paved **303,887m²** of roading, or the equivalent of **43 rugby fields**
- Laid just over **300km** of freshwater and sewer pipe, or about the distance from **Christchurch to Blenheim**



Where our funding will come from 2014/15



Balancing the books



This Draft Annual Plan updates year two of the Council's Three Year Plan (TYP). It was assumed the city's rating base would grow during 2013/14, but instead it has decreased. This is due to earthquake-related demolitions outnumbering rebuilds, resulting in a \$10 million drop in rating revenue this year.

At the same time, we face increased costs for processing building consents, planning, and other earthquake recovery activities. We also lost revenue from the closure of car parking buildings and other facilities.

We have identified savings and other funding sources to ensure we kept the rates increase to the 6.5% signalled in the TYP.

In the face of these challenging financial circumstances the Council is proposing small cuts to a wide variety of non-essential services, rather than making big cuts to a few.

A range of Council fees and charges will rise to cover increased costs. Most are about 3%, and in many cases add less than a dollar or two to the amount paid.

The main exception to this is in Building Consenting and Building Inspection Services where the Draft Annual Plan proposes an average increase of 16%.

Other proposed increases include:

- A 3% rise in sports ground charges, wharf and slip fees, and most cemetery charges.
- Hire charges for Council-managed community halls up 15%, and the bond increased to \$400 to cover any cleaning and damage costs.
- Library overdue charges rise by 10 cents per day per item.
- Trade waste charges rise between 3% and 9.5% to reflect higher disposal costs.
- Sport and Recreation Centre charges to increase progressively (see table opposite).

Examples of potential savings

- Reduce late opening hours for some libraries to 6pm where patronage is low.
- Cut opening hours at Recreation and Sport Centres by 30 minutes a day during the week. However, opening hours will still be longer than they were pre-earthquake.
- Cease Saturday hours at Fendalton, Shirley, Beckenham and Papanui service centres.
- The Early Learning Centre at Pioneer Leisure Centre is the only Council-managed childcare facility left in the city and is forecast to make a loss of \$100,000. The Council is exploring the possibility of transferring the running of the centre to another childcare provider.



Building Consenting and Building Inspection Services

The cost of these services has risen by \$11.9 million following changes to improve efficiency, handle the increased volume of consents arising from the rebuild, and to regain our accreditation with International Accreditation New Zealand (IANZ). The Council will offset these higher costs by increasing fees which are charged on a user pays basis.

- The minimum application fee for a residential new build valued from \$100,000 to \$300,000 increases from \$1750 to \$3310. The new fee includes eight inspections which were previously charged separately.
- The full building consent cost for a new single-storey 200m² house (including garage) with a value of \$350,000 will rise 4% to about \$3850. However, in some cases actual costs may vary because of complexities associated with the consent.
- Other fixed-fee consenting services will rise 17–18 %.
- \$1.9 million is budgeted to provide the public with advice on building consents and to fund Rebuild Central, an advisory service for Central City businesses and developers.

Cycling in the city

To ensure that the major cycleway programme is successfully delivered, the Draft Annual Plan recommends extending work on 13 major cycleways over eight years instead of five. This would give the Council more time to consult the community about the final location, safety and design of the cycleway network.

Recreation and Sport charges and fees

Service	Fees for 2013/14**	Proposed fees 2014/15**	\$ change	% change
Hydroslide Jellie Park, adult (indoor winter)	\$5.50	\$6.00	\$0.50	9%
SwimSmart*, parent and child lesson	\$8.40	\$8.60	\$0.20	2%
SwimSmart*, adult, child or pre-schooler group lesson	\$11.20	\$11.60	\$0.40	4%
Swimsafe/Learn to Swim*, per group per 25–30 minute lesson	\$30.00	\$31.00	\$1.00	3%
Pool membership (any Recreation and Sports Centre), 12 month fixed	\$550	\$600	\$50.00	9%
Multi-membership (pool and fitness at any Recreation and Sports Centre), 12 month fixed	\$770	\$815	\$45.00	6%
Fitness membership (any Recreation and Sports Centre), 12 month fixed	\$667.50	\$706	\$38.50	6%

NB: All proposed changes to occur at 1 October 2014 unless stated otherwise. * Increase with effect from 1 January 2015. ** GST inclusive.



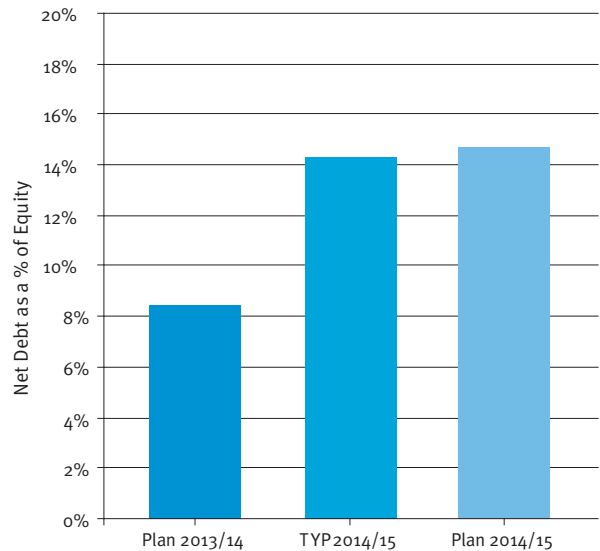


As well as keeping a tight rein on spending, the Draft Annual Plan also includes the following options for funding:

- Reinstating **development contribution** charges to cover new library and leisure facilities needed as the city grows. Developers of new subdivisions would pay a set charge per house, netting the Council an extra \$1.3 million in 2014/15 which it could allocate to capital spending.
- Using money from the **Capital Endowment Fund**. This \$100 million fund was set up with the special dividend paid when Orion New Zealand Ltd sold shares in a North Island oil and gas network. The fund is the equivalent of household “rainy day money” and the Draft Annual Plan proposes putting \$1 million towards community grants.
- **Borrowing**. The TYP indicated a deficit of \$13.9 million for the 2014/15 year, which the Council is funding with borrowing. By the end of 2014/15, cumulative debt is forecast to be \$1.42 billion, \$197,000 lower than the TYP projected.

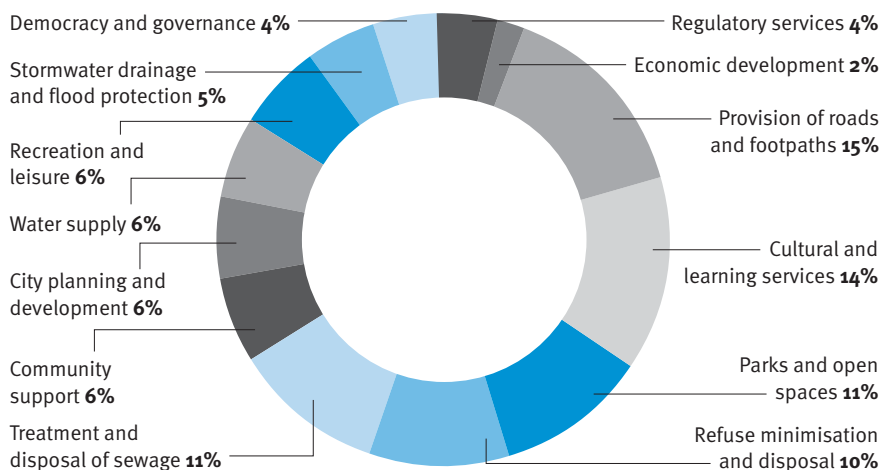
The Council is taking a prudent approach to its financial management and will not borrow beyond its ability to service and repay that debt.

Net debt as a percentage of equity ratio; policy limit 20%



How your rates contribute

How your rates will be spent 2014/15



In the Council's proposed 2014/15 budget, rates increase by an average of 6.5% for residential, commercial and rural ratepayers. This will bring in total rating revenue of \$346.9 million (GST excluded).

This includes a special earthquake charge of 1.93%, as set in the TYP. The charge covers the loss of revenue and increased costs associated with the earthquake.

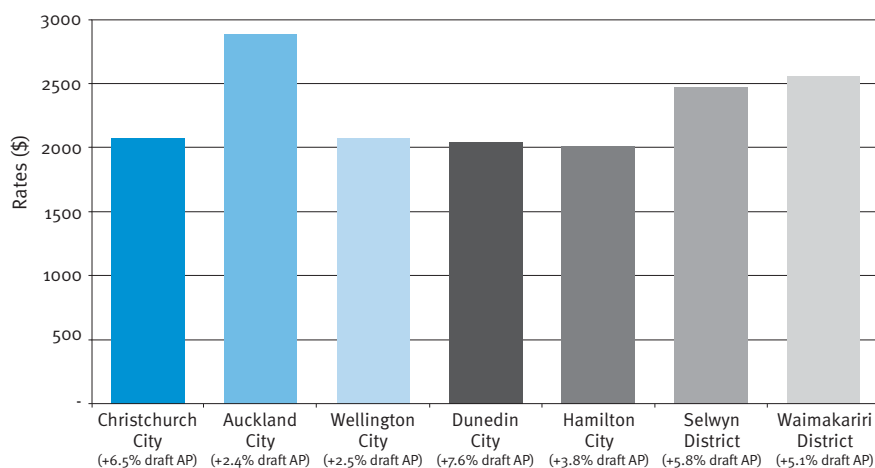
Your rates are based largely on the Rating Value (also known as the Capital Value) of your property and the Council has just conducted a city-wide revaluation.

Based on the recent revaluation, the average house in Christchurch has a Rating Value of \$455,000. With the 6.5% rates rise, this property will pay \$2076 in rates.

This means the average residential property will pay an extra \$2.83 per week in rates.

For more information about the revaluation go to: www.ccc.govt.nz/revaluation

Estimated average residential rates 2014/15 by metro and district council



Rates remission and postponement policies

Since the earthquakes the Council has provided rates relief in certain situations. These proposals make some amendments to those policies to better reflect current circumstances, including:

- Rates will no longer be charged on previously rateable Crown land in the Frame once it is transferred into Council ownership for public use (roads, footpaths, public spaces).
- The 100% remission for red-zoned land that was vacant or where construction was underway on 22 February 2011 will be extended to 30 June 2015, or until the Crown makes a decision on the future of the land (including a purchase offer).
- Instead of receiving a 40% remission, residential and non-rateable properties (e.g. churches) left uninhabitable by the earthquakes will be treated as if they have been demolished and rated at land value only.
- The full remission on Section 124 properties vacated due to geotechnical hazards will not apply when the property is sold to CERA.

Looking to the future



Supporting the post-earthquake recovery

Recovery is about looking forward. The Draft Annual Plan proposes using \$2.5 million from the Capital Endowment Fund for “legacy” projects to promote sustainability, resilience and participatory democracy. This includes making Christchurch a Sensing City with a network of sensors incorporated into the Central City rebuild, constantly measuring variables such as traffic flow, water use and energy consumption. Collecting this data would help the Council make significant savings in maintaining expensive infrastructure and create a more resilient city.

The Draft Annual Plan, the Three Year Plan and the Long Term Plan

The Council is legally required to publish an Annual Plan each year and a Long Term Plan (LTP) that is updated every three years.

Following the earthquakes the Government waived our requirement to produce an LTP and instead we produced a Three Year Plan. This consultation also proposes amendments to that Plan.

This Draft Annual Plan updates year two of the Three Year Plan. It makes allowances for shorter term changes in circumstances and signals a period of consolidation for the new Council while it explores options for its next LTP.

Work will begin shortly on an LTP which will take a “big picture” approach to planning. The process will offer residents the opportunity to have a say about key issues such as rates, Council services, financial strategy and whether asset sales should be on the Council agenda.

Answering your questions



Where can I get more detailed information about changes proposed in the Draft Annual Plan?

The full Draft Annual Plan has details of proposed changes to the Council's Capital Programme and services. Copies can be viewed online at www.ccc.govt/annualplan and at Council libraries and service centres.

What's the point of us commenting, haven't you already made up your mind?

This is a draft plan and we want to hear what you think about the proposals before it is finalised. You can also have your say in person at public hearings. For more information see page 11.

Why do rates need to increase at all?

The Council is being as financially prudent as possible. However, a rates increase is unavoidable if we are to meet our responsibilities in terms of providing essential services and footing our share of the rebuild costs.

The average rates increase of 6.5% reflects the target set in the Three Year Plan and compares favourably with neighbouring local authorities and other metropolitan centres.

How much longer will we have to pay the special earthquake charge?

The charge will stay until 2015/16. It was introduced in 2011/12 to cover the budget deficit resulting from lost

income (e.g. parking buildings and demolished Central City properties) and additional earthquake-related costs.

What if the Council can't afford its share of the cost-sharing agreement with the Crown to cover major new facilities?

The Council has signed a binding agreement with the Government on funding the rebuild and both parties must agree to any changes. The Council is still working through the details of how it will cover its share of the costs. Negotiations with insurers are ongoing and once settled, will give a clearer picture of the city's funding obligations.

Why is the Council going ahead with major projects when my house still hasn't been fixed and some roads still need repairs?

The Earthquake Commission and insurance companies are responsible for home repairs. The Council, in conjunction with the Government, is responsible for the strategic direction of the city rebuild and making major decisions around the repair and rebuild of key community facilities and infrastructure. To create a city equipped for the future we need to get major projects underway so Christchurch continues to move forward.

We understand if you feel that road repairs have not proceeded as fast as you might like, but the work needs to be done in a particular order to avoid repeatedly digging up streets to repair different services. The magnitude of the damage also means we have to carefully allocate limited resources.

How to have your say

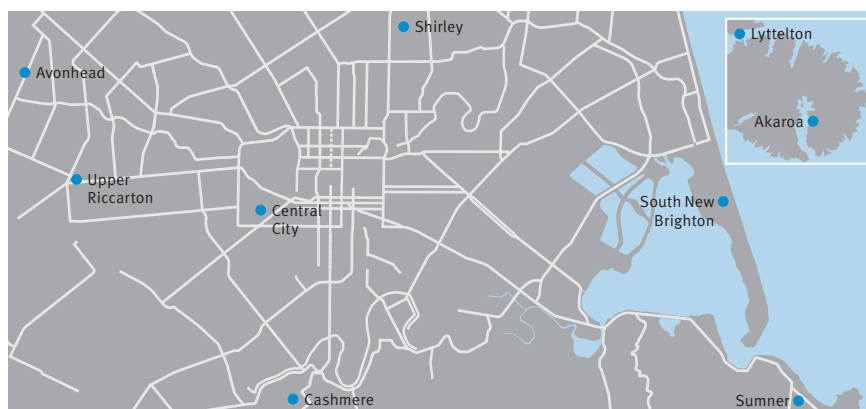
What do you think about the plan?

We'd like to know.

For now the draft is just that: a set of proposals for our city's future.

We want to hear what you think before we make a final decision in late June.

Come along and talk to us about the plan and find out more about some of our proposals.



Community drop-in sessions – all sessions run from 3.30–7pm

Date	Venue
Tuesday 25 March	Lyttelton Club, 23 Dublin Street, Lyttelton
Wednesday 26 March	Akaroa Sports Complex, 28 Rue Jolie, Akaroa
Thursday 27 March	Shirley Freemasons Centre, 9 Shirley Road, Shirley
Saturday 29 March	Upper Riccarton Library, 71 Main South Road, Upper Riccarton
Monday 31 March	South New Brighton Hall, 74 Beatty Street, South New Brighton
Tuesday 1 April	St Mark's Church, 150 Withells Road, Avonhead
Wednesday 2 April	Landsdowne Community Centre, 8 Landsdowne Terrace, Cashmere
Thursday 3 April	Sumner Community Centre, 20 Wiggins Street, Sumner
Monday 7 April	Christchurch Netball Centre, Hagley Park, Central City

Making it count – tips for the social media-savvy

We encourage online debate about the Draft Annual Plan but we can only consider your feedback if you fill out the official submission form.

Online comments, including those on social media sites, don't count as formal submissions.

To influence the final version of the Plan, fill in the submission form at www.ccc.govt.nz/haveyoursay. Remember to include your full name, address and phone number.

Alternatively, you can use the attached submission form or pick one up from Council libraries or service centres.

Send us your completed submission online, by email or through the post.

There's more information on the next page about how to make your submission, which must be received by 5pm on Tuesday 22 April 2014.



Public hearings

The Council will hold public hearings in May 2014. With limited time available, we encourage like-minded residents who wish to submit on the same topic to nominate a spokesperson and provide one submission, along with a supporting submission form. This form is at the back of the summary.

➔ Submission forms are also available online and at Council libraries and service centres.

Submission form

PLEASE READ BEFORE COMPLETING YOUR SUBMISSION

The public consultation period is from Monday 17 March 2014 to 5pm Tuesday 22 April 2014.

It will help us if you clearly:

- state what issue(s)/topic(s) you want to comment on; and
- provide comments.

Please note: We are legally required to make all written or electronic submissions available to the public and to Councillors, including the name and address of the submitter. The submissions, including all contact details provided, will be available to the public. Information will be available to the public subject to the provisions of the Local Government Official Information and Meetings Act 1987. If you consider there to be compelling reasons why your contact details and/or submission should be kept confidential, you should contact the Council, telephone 03 941 8999 or 0800 800 169.

You may send us your submission:

Online:

You may enter your submission using the online form provided on the Council's website at www.ccc.govt.nz/haveyoursay

Please follow all the instructions on the Council's website for the online form.

By email:

ccc-plan@ccc.govt.nz

Please make sure your full name and address is included with your submission.

By mail (no stamp required):

Freepost 178
Christchurch City Annual Plan
Christchurch City Council
Democracy Services
PO Box 73013
Christchurch 8154

No anonymous submissions will be accepted

Whether you use this form or not, you must provide your full name, address and telephone number. If you are submitting on behalf of an organisation please state this and your role within that organisation.

Submissions must be received (NOT postmarked) at the Hereford Street Civic Offices no later than 5pm on Tuesday 22 April 2014. To ensure receipt, hand deliver last-minute submissions to the Civic Offices, 53 Hereford Street, Christchurch.

Your submission

If you wish, you can present your submission at a hearing. Please tick the appropriate box below. The hearings will be held 14, 15, 16 and 19 May 2014. Limited time will be allocated for speaking to your submission, including time for questions from the Councillors. The Council is asking people who make written submissions to consider joining with others if they wish to speak at public hearings. With just four days set down for the hearings, it is expected to be a lengthy process and it will be made more manageable if those with like-minded submissions come together and nominate a spokesperson. The Council will confirm the date and time of your hearing in writing, by email or by telephone call.

Tick one I do NOT wish to discuss my submission at the hearing, and ask that this written submission be considered.

OR, I wish to discuss the main points in my written submission at the hearings to be held 14, 15, 16 and 19 May 2014.

I am completing this submission: For myself On behalf of a group or organisation

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

If your submission is supported by others, have you attached a supporting submission form? Yes No n/a

Contact name

Organisation name (if applicable)

Organisation role (if applicable)

Contact address

Postcode

Phone number (day) Phone number (evening)

Email (if applicable)

Signature Date

