

Christchurch City Three Year Plan | Summary

2013-16 (*Draft*)

Christchurch Ōtautahi

Christchurch
City Council 



Introduction

from the Mayor and Chief Executive

As the rebuild ramps up, we're seeing fresh life in our city and in our communities and an unfolding spirit of innovation.

This Three Year Plan focuses on a way forward for the rebuild that guarantees funding and confidence for residents, taxpayers and the market. We face tremendous challenges but we are proud to put before you a prudent plan, a plan that is fully costed and establishes a sound financial footing for the city's future, while keeping things as affordable as possible for ratepayers.

Most of the big decisions have already been announced and this plan is about how we will pay for them and keep Christchurch's essential services running day-to-day. It's fair to say some aspects can't readily be changed – we are already committed to the rebuild, including the anchor projects announced by the Government, and we are working with the Government on finalising how the costs will be shared.

The highlight of this plan is not a single digit rates increase or a new facility or a big-ticket item – it's the fact we're paying our way using a sound financial plan. We'll get Christchurch back and better than ever within a generation. And that's without selling off our revenue-earning assets or facing massive rates increases, while at the same time we're keeping our debt at an affordable level. When you've experienced a natural disaster on the scale we have, and face a \$2 billion dollar price tag for your share of the rebuild – made up of \$1.3 billion for infrastructure and a \$700 million contribution towards the anchor projects – that's commendable.

A cycling network, a new walkway in Lyttelton Harbour and suburban master plan projects are among the new projects we're proposing. These projects are affordable and are very important as we move towards making this city a stronger, more sustainable and better place to live. We've seen communities and businesses become hugely involved and engaged in preparing suburban master plans. We want to play our part and capture this unique opportunity.

We know many residents face tough times and any rates increase will affect them. We've been very mindful of this and this is reflected in the proposed rates increase of 6.67 per cent to existing ratepayers. This will see the average household in Christchurch (with a home worth \$350,000) pay about \$33 dollars a week in rates after the proposed increase, that's about \$2 more a week than they pay now.

Our rates will still be the second lowest of the country's metropolitan centres.

Our sound financial strategy for the city relies on borrowing to fund our share of the rebuild. Earthquake repairs are seeing the Council carry out about 25 years worth of standard maintenance as repairs over the five years to 2016. Attempting to pay for all this up-front would create a huge and unnecessary burden on ratepayers. We've been financially prudent and we are in a strong position to borrow now. It makes sense to spread the cost over coming years, so residents using the new facilities and services in the future will pay their fair share through their rates in the future.

Under the plan, our debt levels peak at just over \$2 billion. When you compare what we're borrowing with our assets, this is similar to having a \$70,000 mortgage on a house worth \$350,000 and paying it off within 30 years. Using the residential property comparison, most banks allow homeowners to use up to a third of their total income towards repaying debt, we're using less than four per cent of our total spend.

We encourage you to have your say when public consultation opens on March 16 so you can help set the plan's direction and shape the Council's activities. We believe this budget will help bring about the bright future we so deserve, after everything we've been through. We're well on our way towards creating a vibrant city that's one of the best and safest places in the world to live and work.



A handwritten signature in black ink, appearing to read 'Bob Parker'.

Bob Parker
Mayor of Christchurch



A handwritten signature in black ink, appearing to read 'Tony Marrayatt'.

Tony Marrayatt
Chief Executive

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Cover image: *Rising to the challenge*

The winner of the Christchurch City Council city-wide competition to find an image for the front cover of our Draft Christchurch City Three Year Plan 2013-16 is Christchurch amateur photographer Gill Williams of North Beach.

Gill and her husband Lyonel are both keen cyclists and never miss the Men's Elite Road National Championship event. Gill took this photo on Dyers Pass Road in Cashmere, looking down onto the Central City, on 8 January 2012. Gill loved the image because it shows that life continues despite the challenges the city faces.

Rising to the challenge was chosen by the competition's judging panel for the cover because it illustrates that Christchurch is vibrant with exciting events while the recovery continues.

What is the Three Year Plan?

Why do we need one?

The Christchurch City Three Year Plan (TYP) sets out what the Council will do over the next three years, how much this will cost and where the money will come from. It's all about how we will pay for what we have committed to for the rebuild and keep Christchurch's essential services running day-to-day. It also tells you how much your rates are likely to change over the next three years.

Why a Three Year Plan?

The Council and Government recently agreed to delay Christchurch City Council's Long Term Plan until 2015 so an earthquake recovery cost-sharing method could be worked out together. A Long Term Plan looks at the next decade but at this

stage in the Christchurch rebuild we need a more appropriate planning mechanism with more immediate goals. We are still following all the principles laid down in the Local Government Act as they apply to any New Zealand local authority.

It's your city – tell us what you think!

The plans being made will touch the lives of everyone in our city and we want to know what you think. Make sure you have your say between March 16 and April 19 – there are many ways to do this. See page 13 for the details.

Councillors will look at all submissions and, if you get their support, your idea may be added to the final version of the Three Year Plan in June.

A submission form is included with this summary.

It is also available online at www.ccc.govt.nz/haveyoursay or from Council service centres and libraries.

You can send us your submission online, by email or through the post.

For more information, see page 13.

Submissions close on 19 April 2013.

What does the plan cover?

Why the big numbers?

This plan covers three areas of the Council’s work – operational spending, capital programmes and earthquake response and recovery.

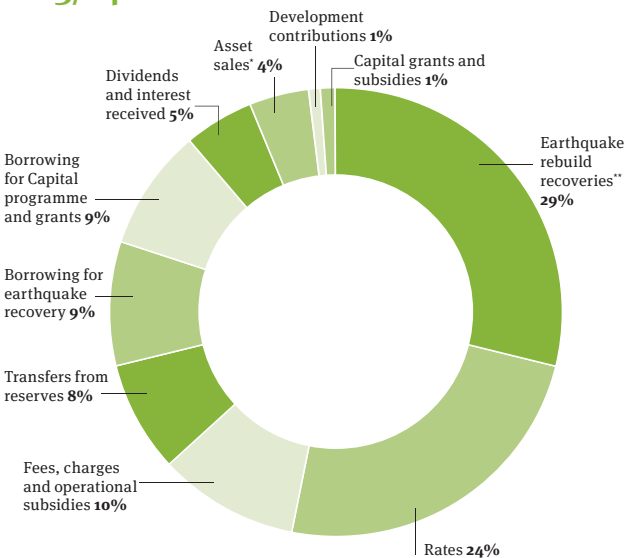
Operational spending covers the essential day-to-day work of the Council that keeps Christchurch running. This includes keeping up parks, repairing footpaths and providing water. We will spend \$1.147 billion over the next three years.

Capital programmes look forward but they are not the rebuild. They are providing the infrastructure (for example roads and pipes) for the growth of the city and building new facilities. We will spend \$682 million over the next three years.

Earthquake response and recovery costs include replacing our broken infrastructure and repairing or rebuilding community facilities. We will spend \$2.47 billion over the next three years. This is made up of:

- Damage to infrastructure – \$1.663 billion
- Damage to buildings, facilities and other assets – \$645 million
- Emergency and response costs – \$161 million

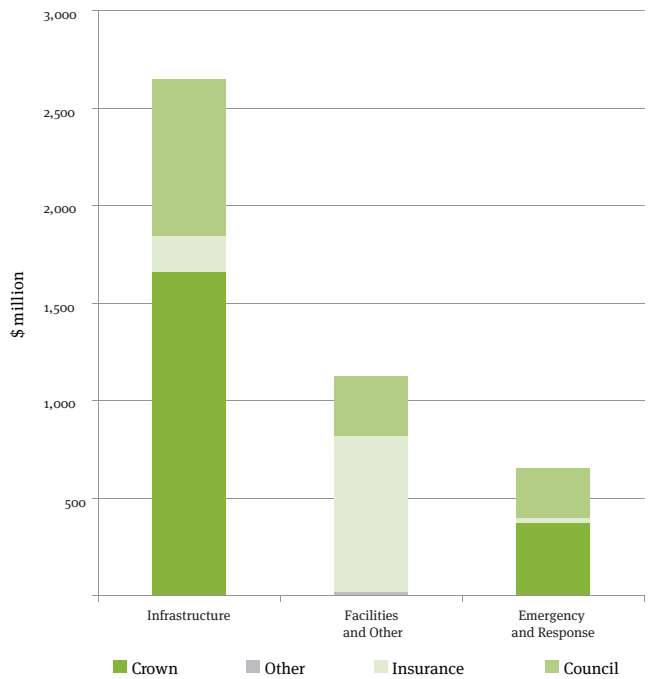
Where our funding will come from 2013/14



Counting the Cost

The latest estimate of the overall earthquake response and recovery costs is \$4.431 billion, up \$1.058 billion on previous estimates. The biggest change is a \$1 billion increase in the cost of repairing sewer and storm water pipes.

Relative Funding Shares



* Central City land being sold to Crown

** For example, insurance payments and government contributions

How will we pay?

What's our financial strategy?

We've got a financial strategy to make sure we can meet the cost of essential services *and* the rebuild, while keeping rates as affordable as possible.



The Council will borrow in the short-term to pay for repairs and pay off the debt in 30 years.

The cost of borrowing for streets and underground services will be met in two ways – through savings made on not needing to do some projects that are now part of the rebuild and through the Special Earthquake Charge that is added to rates.

Earthquake repairs are seeing Council carry out the equivalent of 25 years worth of standard asset replacement work over the five years to 2016. The earthquake damage means we need to pay for that work earlier than we would have, but also means we can repay that debt by using funds that would otherwise have been spent on the same assets over 25 years.

We're also planning to replace our damaged facilities and have committed \$892 million to the major community facilities, including the Town Hall, the Convention Centre and the Stadium. Some of these projects will be built in partnership with the Government. Much of the funding to replace these facilities comes from insurance and the Council has agreed to spend more than the insurance proceeds to ensure the facilities that are replaced are better than what was there before. This borrowing will be repaid through the 1.84 per cent charge the Council added to rates last year.



Is debt okay? Are we maxing out the credit card?

We can afford to borrow now as we're starting from a fairly strong financial position.

Under the plan our debt levels peak at just over \$2 billion. When you compare what we're borrowing with our assets this is similar to having a \$70,000 mortgage on a house worth \$350,000 and paying it off within 30 years.

This coming year the Council's total spend is \$1.4 billion, with \$333 million coming from ratepayers, while servicing our debt only costs \$48 million (or 3.4 per cent of our total spend). Using the residential property comparison again, most banks allow homeowners to use up to a third of their total income towards debt repayment.

Rates – a balancing act

Keeping rates low while we pay the bills

We listen to our community and know many people are facing tough times so we will keep thinking carefully about what Christchurch can afford. This means a lot of the “nice-to-haves” are on the backburner. Our rates have been the lowest of the country’s metropolitan centres and will remain below average, even though they are rising as we pay our share of the rebuild.

The draft plan proposes a total rates increase of 6.67 per cent for existing ratepayers:

- an increase of 4.74 per cent to cover standard services and projects
- an increase of 1.93 per cent, which is the Special Earthquake Charge to fund lost income, for example from parking buildings and demolished central city properties.

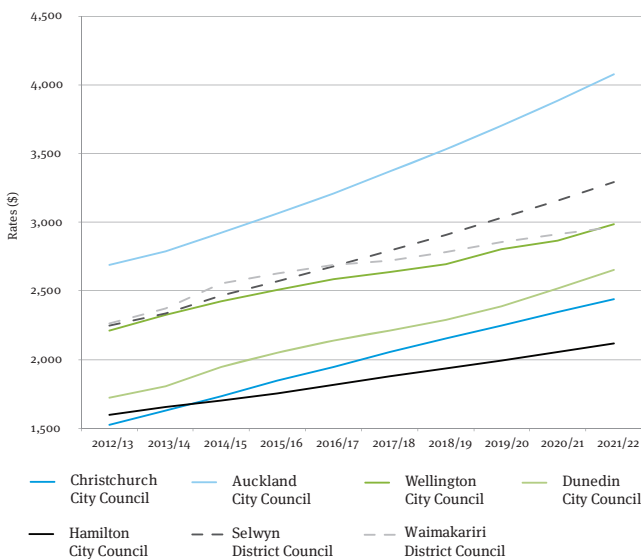
The rates increase forecast for the coming year, prepared in 2009 before the earthquakes damaged infrastructure and

buildings, was 4.39 per cent. Last year, other Councils around New Zealand raised rates by about five per cent on average, without a city to rebuild.

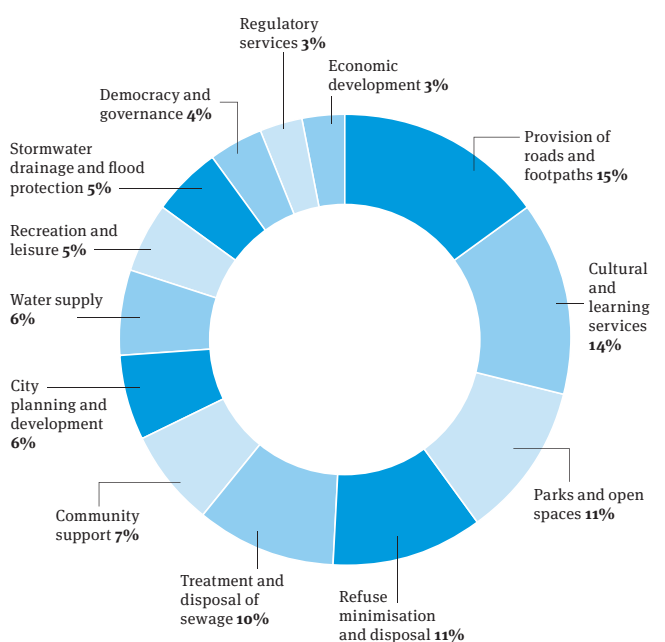
The average household in Christchurch (with a home worth \$350,000) will pay about \$33 a week in rates after the proposed increase or about \$2 more a week.

The \$333 million of rates we get will fund earthquake rebuild and repair projects, plus pay for essential services like water.

New Zealand rates comparison



How your rates will be spent in 2013/14



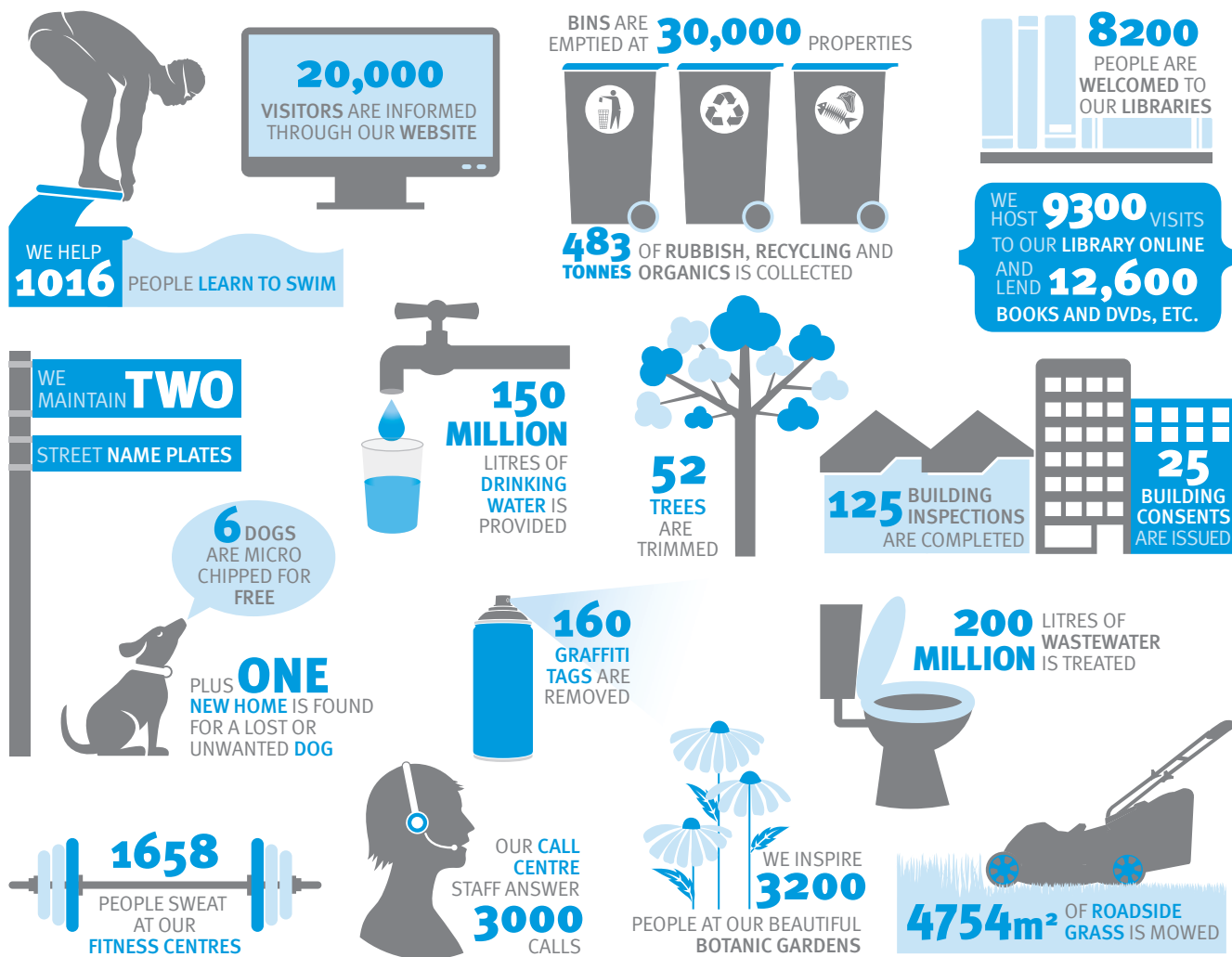
Paying our way

...as we keep Christchurch running

We all need running water, flushing toilets, roads to travel along and parks and libraries to visit. After the quakes, these essential day-to-day services are valued more than ever.

Our job is to make sure these essential services run smoothly and efficiently so you can get on with your life. And when you want to have fun – check out our pools, recreation centres and the great range of cheap or free Council event or festivals for everyone.

Every day in Christchurch...



Paying our way

...as we fix what's been broken



Digging and drilling, roadworks and traffic diversions – you can't travel more than a few kilometres in Christchurch without seeing something being fixed.

The partnership between the Council and the Government that is rebuilding our earthquake damaged roads, fresh water, wastewater and stormwater networks is called the Stronger Christchurch Infrastructure Rebuild Team or SCIRT. The cost of these repairs is a big issue for us as SCIRT is spending \$1.5 million dollars a day on repairing broken pavements, roads, bridges and pipes.

The estimated cost to the Council of rebuilding this damaged infrastructure over the next three years has risen to \$712 million. This is because there's more damage to underground pipes than first thought, particularly to sewer and stormwater pipes. The latest estimates are based on closed circuit television inspections and predictive modelling.



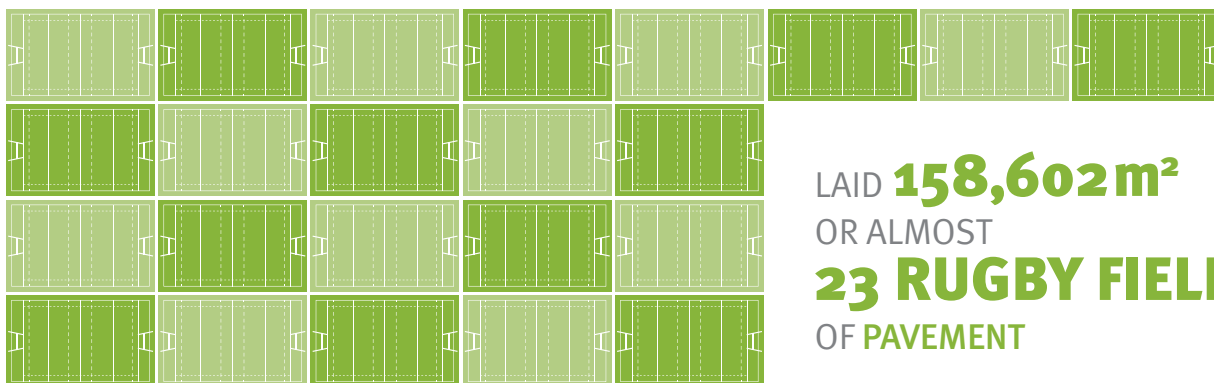
Paying our way

...as we fix what's been broken

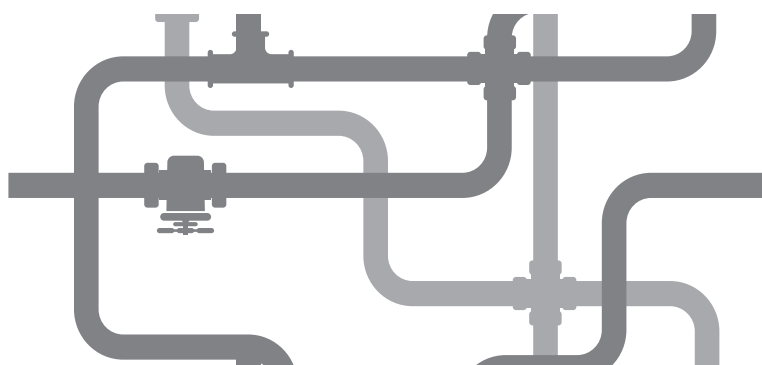
Through SCIRT we have...



REPAIRED **111.4 km**
OF **SEWER PIPE**
OR THE DISTANCE FROM
CHRISTCHURCH TO CHEVIOT



LAI D **158,602 m²**
OR ALMOST
23 RUGBY FIELDS
OF PAVEMENT



FIXED **21km** OF
FRESHWATER PIPE
OR ABOUT THE DISTANCE FROM
CHRISTCHURCH TO ROLLESTON

Paying our way

...for the big ticket items

Remember wandering through the central city after a concert at the Town Hall or an exhibition at the Art Gallery? Life is returning to the central city. We're working with the Government through the Canterbury Earthquake Recovery Authority (CERA) and drawing on the rich cultural and sporting heritage of the city to provide world-class facilities.

We've committed \$855 million to repair or rebuild 10 earthquake-damaged major community facilities. These

facilities include CERA's Christchurch Central Recovery Plan anchor projects and key Council community facilities.

As part of the Council's 2012/13 Annual Plan, the Council agreed to rebuild or repair:

- Christchurch Town Hall
- Christchurch Convention Centre
- Former AMI Stadium
- Christchurch Art Gallery
- Central Library
- Central City Multi-Sport Facility
- South-West Library and Service Centre
- Lichfield and Manchester Street carparks
- Eastern Aquatic Facility
- Athletics Track replacement for the track lost at QEII

We're still working with the Government to finalise how the costs will be shared but these anchor projects are going ahead as the Government has signed off on them. We'll pay our share through a mix of insurance proceeds, land sales and borrowing.

As part of the Christchurch Central Recovery Plan, we're also paying \$6.4 million towards the Avon River Park and about \$30 million towards the Transport Interchange.



Paying our way

...as we renew, regrow and rebuild

With workers arriving for the rebuild and many homes lost, people are moving around and new suburbs are developing. Christchurch is growing to the north and the south-west. We're supporting this change by building new roads and pipes, libraries and parks in these growth areas.

Our Capital Programme

We're budgeting \$682 million in our capital programme for these new projects and to renew and maintain the infrastructure we've already got.

Key projects include:

- Botanic Gardens Visitor Centre
- Belfast Library and Service Centre
- Akaroa and Wainui sewer and water upgrades
- Northern arterial motorway extension between Cranford Street and QEII

Rebuilding our facilities

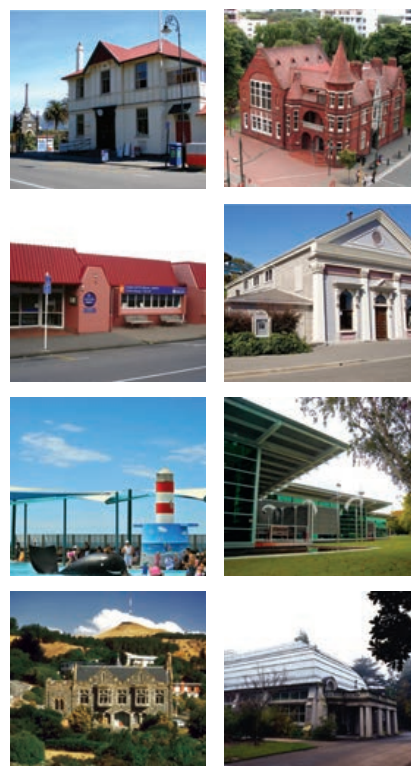
From public toilets, parking buildings and paddling pools to social housing complexes, heritage buildings and preschools – there are 1600 buildings the Council owns across Christchurch. Following the earthquakes, the Council

is looking at the future of these facilities to make sure they meet the community's needs long-term. Repairs are already complete, or are underway, on some facilities. All engineering assessments will be completed by next year.

Thirty facilities have been prioritised for funding, further investigations and, where possible, repairs.

We are estimating \$274 million will be the cost of reinstating these facilities. The cost of improving or strengthening Council facilities above their pre-earthquake strength comes on top of this and we're also budgeting for this.

Christchurch City Council staff are working on plans to build 22 new social housing units on vacant land in existing complexes and expect to have completed repairs on more than 170 units by the end of this year.



How can I find out more?

- For more on the anchor projects see www.ccd.govt.nz
- For more on projects already underway and the future of Christchurch – including the Council's facilities rebuild - see www.futurechristchurch.co.nz

What about...?



Is Christchurch growing?

We expect Christchurch will add around 9500 new households and 900,000 square metres of new business floor space over the next decade.

To meet the needs of these new homes and businesses we'll need new water, wastewater and stormwater networks as well as new roads, parks, libraries and leisure facilities. This is expected to cost around \$545m over the next decade.

What are development contributions?

Development contributions are a fair way of recovering a share of the costs associated with growth. They mean that new infrastructure to meet growth is paid for by those who create the need for that infrastructure and by those who benefit from it.



Why isn't the Council selling its assets?

The Council owns shares in eight companies through Christchurch City Holdings Limited (CCHL). These trading



companies own and run some of the key infrastructure of Christchurch, including electricity delivery, the port, the airport, public transport and recycling facilities, and are critical to the regional economy. The profits made by these companies have helped keep Christchurch's rates low in the past.

Once these assets are sold, the income from them is lost forever. The Council's long-term aim has always been to get the city back to where it would have been before the earthquake from a financial perspective. The Council has been absolutely clear in this plan that we don't want to sell off the family silver.

What about...?



Why didn't the Council have more insurance cover for its infrastructure?

Roads, underground services and parks can't be insured in the same way as buildings.



Insurance is not available for roads and bridges, although there's a partial subsidy by the NZ Transport Agency. Parks and walkways are not covered. The rest is covered through Government commitments, and the Local Authority Protection Programme Disaster Fund



(LAPP). With reinsurance LAPP could cover two claims of up to \$109 million each. Why didn't LAPP buy more reinsurance? Put simply – no one expected such a huge earthquake causing such massive damage. Decisions were based on expert assessments of the risk from the Institute of Geological and Nuclear Sciences, which put our city's seismic risk as low.

Why didn't the Council have more insurance for its buildings?

Before the earthquakes, the Council's assets were insured for close to \$1.9

billion on a full reinstatement basis per asset.

This was based on advice from professional valuers. The gap between insurance and rebuild costs is the extra cost required to make our buildings meet 100 per cent of new building standards and introduce improvements. Unlike open-ended replacement household insurance, our facilities were covered to a set value based on repairs to 33 per cent of the new building code. We want to make sure our major community facilities – where children, families, residents and visitors work and play – are strong, safe and reliable.



How to have your say

What do you think about the plan? We'd like to know

For now, the draft plan 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.

Open days		
Date	Venue	Time
Saturday 23 March	Dome, Hagley Park	11am–3pm
Sunday 24 March	Dome, Hagley Park	2–4.30pm
Monday 25 March	Dome, Hagley Park	3–7pm
Community drop-in sessions		
Date	Venue	Time
Wednesday 27 March	Burwood Pegasus Community Boardroom, corner of Beresford Street and Union Street, New Brighton	3.30–7pm
Thursday 28 March	Papanui Service Centre Community Boardroom, corner Restell Street and Langdons Road, Papanui	3.30–7pm
Wednesday 3 April	Lyttelton Club, 23 Dublin Street, Lyttelton	3.30–7pm
Thursday 4 April	Beckenham Service Centre Community Boardroom, 66 Colombo Street, Beckenham	3.30–7pm
Saturday 6 April	Woolston Club, 43 Hargood Street, Woolston	11am–2.30pm
Monday 8 April	Fendalton Service Centre Community Boardroom, 4 Jeffreys Road, Fendalton	3.30–7pm
Tuesday 9 April	Upper Riccarton Library Community Boardroom, 71 Main South Road, Sockburn	3.30–7pm
Wednesday 10 April	Akaroa Sports Complex, 28 Rue Jolie, Akaroa	3.30–7pm

Have your say

View a full copy of the draft plan at www.ccc.govt.nz/haveyoursay or at service centres or libraries from 16 March.

Make a submission by:

- Online at www.ccc.govt.nz/haveyoursay
- Emailing ccc-plan@ccc.govt.nz
- Or using the attached submission form and posting by mail (freepost).

Please include your full name, address and phone number.

You'll find more information on the next page about how to make your submission. Submissions close 5pm on 19 April 2013.

Public hearings

Public hearings before the Councillors will be held in May. With limited time available, we're encouraging like-minded residents to join together to make a supporting submission on the same subject and nominate a spokesperson to speak for them.

Supporting submission forms are available online and at service centres so you can show how many people support your submission.

Submission form

PLEASE READ BEFORE COMPLETING YOUR SUBMISSION

The public consultation period is from Saturday 16 March 2013 to 5pm Friday 19 April 2013.

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's Assistant Council Secretary, telephone 941 8999.

You may send us your submission:

On the internet:

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 Three Year 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 Friday 19 April 2013. 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 13, 14, 15, 17, 20, 21 May 2013. Up to five minutes 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 six 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 13, 14, 15, 17, 20, 21 May 2013.

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

