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Council Briefing  
NOTES ATTACHMENTS

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Date:

Time:

Venue:

Tuesday 23 January 2024

9:32 am

Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch

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# Long Term Plan 2024-2034

23<sup>rd</sup> January 2024

## Agenda

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- General update
- Current rates position
- Draft Financial Strategy
- Capital Endowment Fund
- Property disposal process
- Consultation Document overview
- LTP councillor amendments process
- Update on councillor Q&A status
- Next Steps

# Update

## Joint Development Process

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- Based on detailed LTP Letter of Expectation from Council
- Focus on deliverability and affordability
- *What Matters Most* pre-engagement identified priorities
- Extensive Council briefings July – December 2023
- Introduction of livestreaming

## Joint Development Process

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- Specific briefings on each activity, capital portfolio
- By December 2023 overall guidance received on capital programme, LOS review, range of rates increase, asset recycling
- Staff working since to complete supporting technical documents and budgets for Council and Audit NZ review
- The draft LTP will be debated on 14-15 February

## Rates Position – 13 December 2023

	2024/25	2025/26	2026/27	2027/28
Current Position	13.38%	10.31%	5.16%	4.71%
CEO Recommendations	(2.11%)	0.63%	0.22%	0.63%
Rates Increase	11.27%	10.94%	5.38%	5.34%
Represented as: Base	8.6%	9.7%	5.0%	5.4%
Te Kaha	2.7%	1.2%	0.4%	(0.1%)
CCHL Dividend Reduction (Enhanced Status Quo Option)				
Change in rates if dividend is reduced	3.54%	(2.75%)	(0.87%)	(1.46%)
Potential Position: Base	12.1%	7.0%	4.1%	4.0%
Te Kaha	2.7%	1.2%	0.4%	(0.1%)



## Rates Position – Changes Following 13/12/23 Presentation to Council

	2024/25	2025/26	2026/27	2027/28
Potential Rates Position Without Increased Dividend	14.81%	8.19%	4.51%	3.88%
CEO Recommendations Still to be Discussed				
Do not include proposal to wind up the Capital Endowment Fund, to be considered in Jan-24	0.77%	(0.07%)	(0.04%)	(0.02%)
Do not include proposal to close or change the Specific Contestable Funding Schemes, to be considered in Jan-24	0.19%	(0.01%)	0.00%	0.00%
If the above CEO Recommendations are not accepted, rates will increase by the above amounts.				
Other Changes				
CEO Recommendation rates impact missed to apply inflation for years 2 & 3 of the base Economic Development Funding	0.00%	0.06%	0.04%	0.00%
Updated timing of the VO Te Kaha funding and the VO Operating Grant & Capital Grant	0.05%	(0.01%)	(0.15%)	(0.24%)
Rates Position	15.82%	8.16%	4.36%	3.62%

# Current Rates Position

	2024/25	2025/26	2026/27	2027/28
Current Position	15.82%	8.16%	4.36%	3.62%
Capital Schedule Draft 6 Changes	0.04%	0.04%	(0.17%)	(0.05%)
Rates Increase	15.86%	8.20%	4.20%	3.57%
Represented as: Base	13.2%	7.0%	3.8%	3.7%
Te Kaha	2.7%	1.2%	0.4%	(0.1%)

# Financial Strategy

## Financial Strategy

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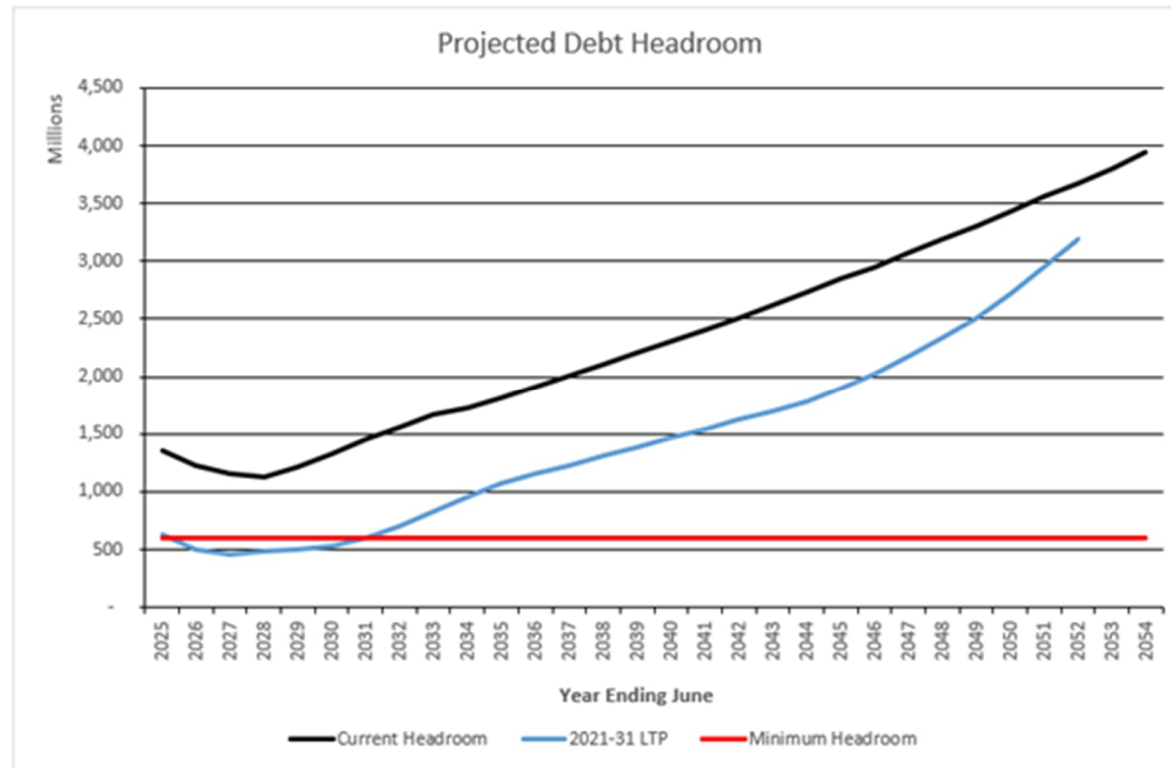
- Details how the Council plans to provide a prudent and cost-effective approach to funding the range of assets, facilities and services.
- Explains how we will use the funding tools available through a mix of rates, fees and charges, government subsidies and debt to fund the services our community wants and needs in the most affordable way possible.
- Requirements:
  - LGA 2002 requirement
  - Council's LTP Letter of Expectation
  - Subject to external audit review KNO
- The Financial Strategy incorporates all financial inputs received to date however cannot be finalised until all budgets in the LTP are completed.
- Has been reviewed by ELT along with relevant Heads of Service.
- Key Metrics...

Slide 10

KNO

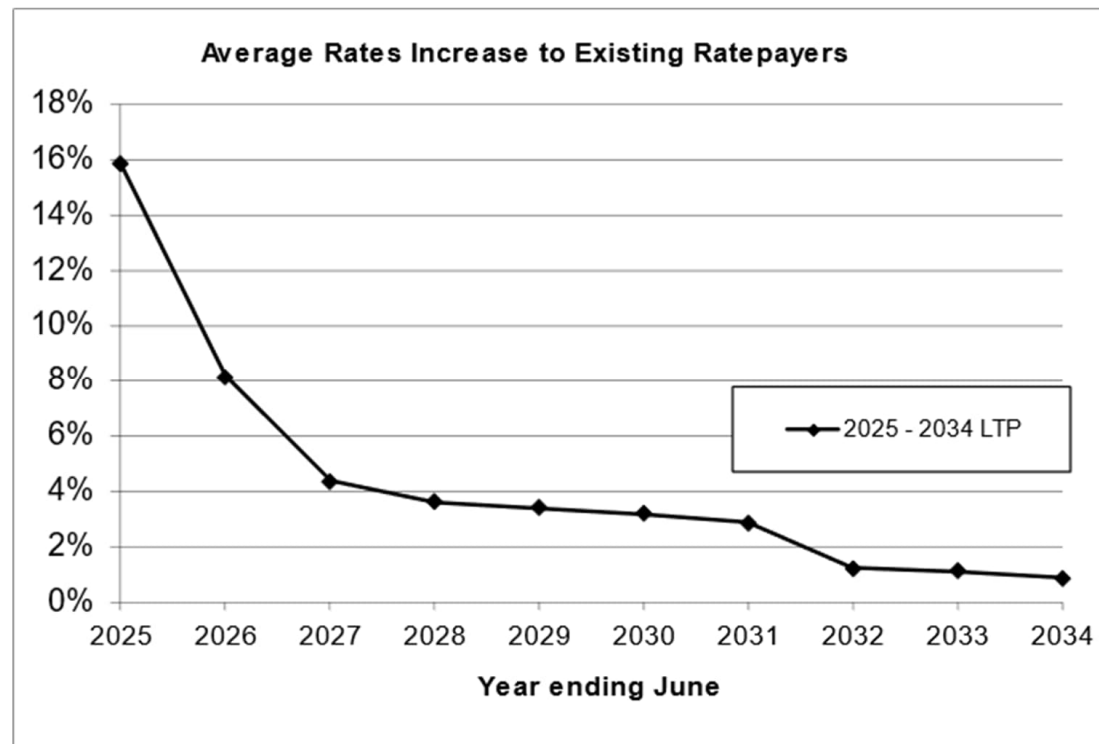
Peter Ryan to confirm wording?  
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## Debt Headroom

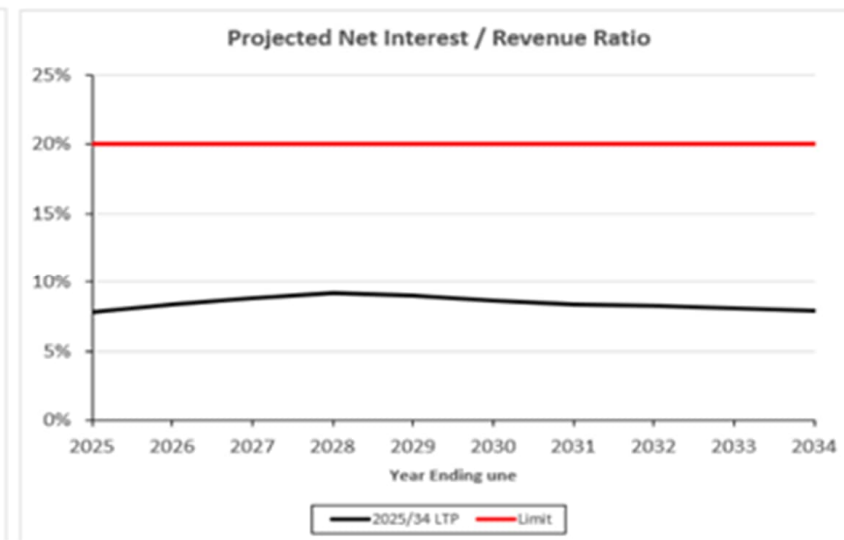
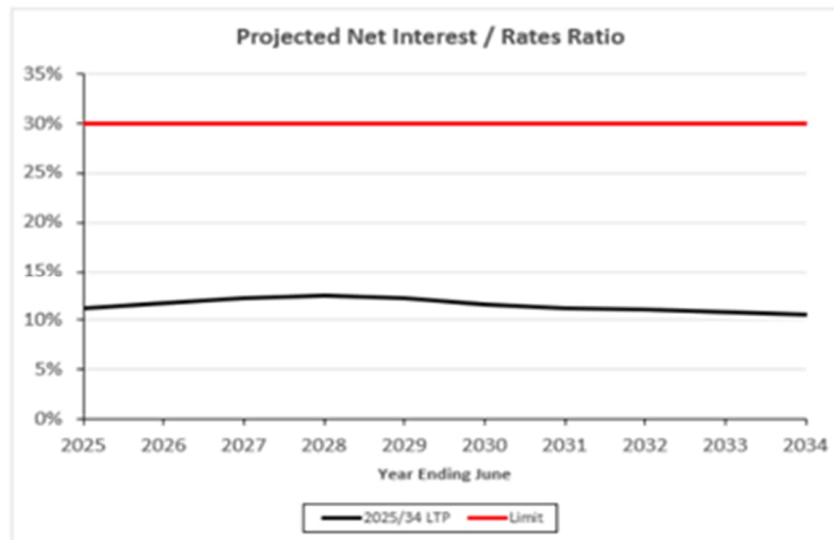


WORKING DRAFT FOR LTP DEVELOPMENT

## Average rates increase



## Treasury metrics





# Capital Endowment Fund and Contestable Community Fund Considerations for the draft 2024/34 LTP

## CEF Background

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### History

- In April 2000, Orion New Zealand Limited sold its North Island gas network and related assets.
- The Council's share of the gain was \$175 million and was applied to debt reduction (\$100m) and invested in the Capital Endowment Fund (\$75m).

### Purpose / use

- In establishing the CEF the Council made a number of resolutions to protect the capital and specify its intended use - see [Capital Endowment Fund Policy](#)

## CEF Background

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### Mechanics

- Post earthquake most of the funds were borrowed internally to finance the rebuild, as it was more beneficial in overall terms of cost to ratepayers and returns for the Fund.
- We now have debt trending to over \$2.5 billion with interest rates modelled at 5.5% in year 1.
- CEF is allocated interest at deposit rates of 4.3% on \$104 million.
- Collapsing the CEF to offset debt would remove this interest differential (\$1.2m yr. 1) from rates-funded debt servicing, removes the administrative work required to keep it in place and simplifies our financial arrangements.

## CEF Options – Wind up the fund

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Cease all grants previously from the CEF:

- Permanent grants saving \$1.6m p.a. (average).
  - Implications include short notice, existing commitments and service cuts.
- Council-allocated grants saving \$2.6m p.a. (average) .
  - Implications include inability to respond to emerging priorities and a significant reduction in support to the community/volunteer sector-often most at need.

Rate for a proportion of grants previously from the CEF:

- Permanent: Cost - \$1.6m p.a. @ 100%, \$800k p.a. @ 50%
- Council-allocated: Cost - \$2.6m p.a. @ 100%, \$1.3m p.a. @ 50%

Rate for grants at historic levels:

- Saving will be limited to efficiencies in the cost of borrowing.

## CEF – Keep the Fund

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Apply uncommitted CEF proceeds to off-set the Strengthening Community Fund for 3 years.

- Saving, \$2.6m for 3 years.

Apply 50% uncommitted CEF proceeds to off-set the Strengthening Community Fund for 3 years.

- Saving \$1.3m for 3 years.

Reduce permanent grants for 3 years.

- Saving \$800k @ 50% for 3 years.
- Saving \$1.6m @ 100% for 3 years.

## Contestable Community Funds – Background (See Attached Information)

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- Contestable Funding: Transparent – Efficient - Versatile
- City Placemaking: \$342k p.a.
- Biodiversity: \$400k p.a. increasing to \$511k p.a. from 2026/27.
- Sustainability: \$380k in 2024/25, then the fund concludes.
- Heritage: \$547k in 2023/24, reducing to \$209k p.a. from 2024/25.
- Accessibility: \$100k p.a.

## Contestable Community Funds – Background

Grants Summary	Annual Plan	Long Term Plan 2024 - 2034									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2023/34
City Placemaking	342	342	342	342	342	342	342	342	342	342	342
Biodiversity	400	439	552	511	511	511	511	511	511	511	511
Innovation and Sustainability	380	380	0	0	0	0	0	0	0	0	0
Heritage	547	209	209	200	200	200	200	200	200	200	200
Accessibility Working Group	100	100	100	100	100	100	100	100	100	100	100
<b>Total</b>	<b>1769</b>	<b>1470</b>	<b>1203</b>	<b>1153</b>	<b>1153</b>	<b>1153</b>	<b>1153</b>	<b>1153</b>	<b>1153</b>	<b>1153</b>	<b>1153</b>

## Contestable Community Funds - Options

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- Potential maximum saving from cutting all funds discussed:
  - 2024/25 \$1,470m
  - 2025/26 \$1,203m
  - 2026/27 \$1,153m
- Status Quo – No saving.
- Close certain funds and change eligibility for others:
  - Placemaking - \$342k p.a. saving (ongoing), alternatives exist.
  - Sustainability - \$380k 2024/25 only - end Fund one year early, alternatives exist.
  - Accessibility - \$100k p.a. saving (ongoing), alternatives exist.
  - Biodiversity - risk of losing momentum, negating past investment.
  - Heritage – significant cut already made by Council.



## Contestable Funds - Options

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- Reduce Funds
  - Reduce by a percentage: 50% is a saving of \$735k in 2024/25, \$601k in 2025/26.
  - Reduce selected Funds.
  - Reduce for a duration: Align with years of significant rate increase.
- Heritage Incentive Fund
  - Reinstate smaller Heritage Incentive Fund, additional \$300k p.a. increase.
  - Re direct some saving from City Placemaking – Cost neutral.
  - Focus heritage funding on listed buildings and heritage festival.
  - Status Quo, review in two years.

## Summary Option for Discussion

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- Close the Capital Endowment Fund and rates-fund 50% of the historic permanent grants and Council-allocated grants for two years and review:
  - Saving: \$3.3m - \$1.2m (borrowing), \$2.1 (grants).
  - Implications: Service cuts, reduced inability to respond to emerging priorities and a reduction in support to the community/volunteer sector.
- Close the City Placemaking, Sustainability, Accessibility Funds and focus heritage funding on listed buildings and the heritage festival:
  - Saving: \$822k (2024/25) \$442k onward.
  - Implications: Greater reliance on other contestable funding such as strengthening communities.

# Property Disposal – Process Overview

## Property Disposal Process

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- Draft List Prepared
- Properties identified from 3 Waters Review and by Parks from Port Hills RRZ work
- Assessed against Council's retention criteria, need and risks

## Retention Criteria (Council approved December 2020)

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- Is the full property still required for the purpose for which it was originally acquired?
- Does the property have special cultural, heritage or environmental values that can only be protected through public ownership?
- Is there an immediate identified alternative public use / work / activity in a policy, plan or strategy?
- Are there any strategic, non-service delivery needs that the property meets and that can only be met through public ownership?
- Are there any identified unmet needs, which the Council might normally address, that the property could be used to solve? And is there a reasonable pathway to funding the unmet need?

## Process Results

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- Long list of > 80 properties
- Draft recommendation
  - 47 properties total
  - 40 in Port Hills RRZ

## Next Steps

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- Final Internal circulation
- Normal process of circulation to:
  - Community Boards
  - Rūnanga
  - Ngāi Tahu
  - Community Housing Providers
  - Kāinga Ora
- Council consideration as part of approval of draft LTP and CD

## Questions?

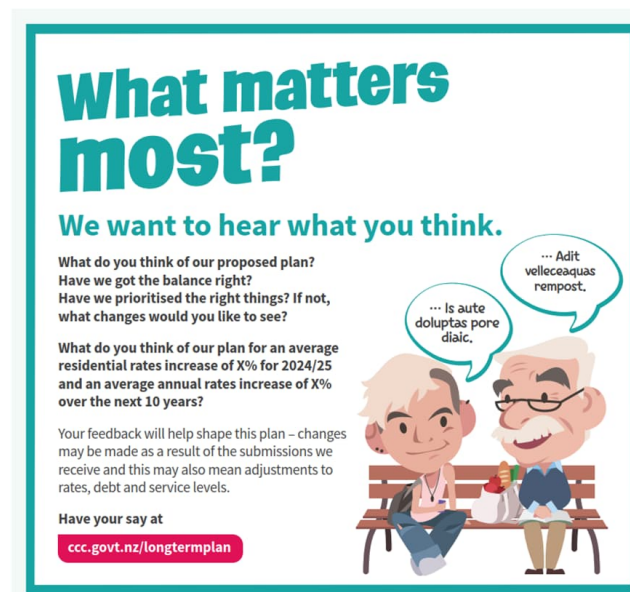
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# Consultation Document - overview

## Consultation Document overview

- Themed around findings from What Matters Most.
- Sections on Capex, Opex, Infrastructure Strategy, Financial Strategy, Infrastructure Strategy, rates proposals and Strategic Framework.
- Taking onboard all our learnings from previous LTPs and Annual Plans – plain language, infographics, 'less is more' etc.
- Process for options for consultation covered later in presentation.



# Councillor Q&A update

## Q & A update

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205 LTP related questions put through the Q&A tool:

- 197 questions responded to
- 8 questions outstanding; reminders issued.

View all questions and staff responses: [Long-Term Plan and Annual Plan Elected Member Questions - Power BI](#)

# Councillor amendments - process

## Amendments Process

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- Nearly 130 proposed amendments received.
- Still collating staff advice, including financial & legal.
- Advice on proposed amendments will be provided as soon as possible.
- All proposals to be moved, seconded, debated and voted on at draft adoption meeting 14-15 February.

## Amendments Process – Possible Outcomes

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1. Where proposal is already budgeted/in progress, suggest confirmation via noting motion within Mayor's recommendations
2. Council agrees to include in LTP
3. Council doesn't agree to include in LTP
4. For a small number of substantive proposals, Council agrees to possible inclusion in LTP following consultation.

# Next Steps



## LTP project milestones – looking ahead

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- 26 January – Council briefing TBC (CD options); final draft Infrastructure strategy, advice on amendments plus capital schedules provided to Councillors
- 30 January – Council briefing (Infrastructure strategy/options)
- 2 February - Agenda for ARMC published
- 8 February – ARMC meeting to provide assurance on draft LTP
- 9 February – final deadline for LTP report public notification
- 14-15 February – Council meeting to adopt draft LTP and CD
- 1 March- 5 April – community consultation
- June – adopt final LTP

## Council Briefing 23 January 2024 -- Contestable Funds

### Background Information

Grants Summary \$000	Annual Plan	Long Term Plan 2024 - 2034									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
City Placemaking	342	342	342	342	342	342	342	342	342	342	342
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Innovation and Sustainability	380	380	-	-	-	-	-	-	-	-	-
Heritage	547	209	209	200	200	200	200	200	200	200	200
Accessibility Working Group	100	100	100	100	100	100	100	100	100	100	100
<b>Total</b>	<b>1,769</b>	<b>1,470</b>	<b>1,203</b>	<b>1,153</b>	<b>1,153</b>	<b>1,153</b>	<b>1,153</b>	<b>1,153</b>	<b>1,153</b>	<b>1,153</b>	<b>1,153</b>

**City Placemaking:** \$342,000 p.a.

The funding is broadly to supports the connection between people and the places and spaces in Christchurch City. To foster vibrant and welcoming spaces that foster social connection and improve perceptions of the city. This funding includes Place Partnerships contestable fund and city-making partner agreements (Gap Filler, LIVS and Green Lab three-year agreements end in 2023/24 and have been advised to anticipate applications to other funds).

The average grant awarded is not often above \$10,000. Some recent examples include:

- \$14,850 to WORD Festival Christchurch for a public wall-display with interactive poetry, storytelling, and writing.
- \$1,507 for the Mokihi Community Garden, garden development.
- \$10,000 to the Kahukura Rongoa Māori Trust to enhance mahinga kai collection at Kaputahi confluence conservation park.

**Biodiversity:** \$400,000 p.a. increasing to \$511,000 p.a. from 2026/27 onwards.

This purpose of this fund is to support and encourage initiatives that protect and enhance indigenous biodiversity, particularly on privately-owned land.

Grants may be up to a maximum request of \$60,000, to be spent over a maximum of 5 years. Some recent examples include:

- \$16,000 towards Okains Bay catchment weed control.
- \$26,970 towards protection and enhancement of threatened native climbing broom.
- \$11,480 towards Cloud Farm & French Farm covenant weed control.

**Sustainability:** \$380,000 in 2024/25 when the fund concludes.

This purpose of this fund is to support community, school, social enterprise, or business projects that help Christchurch as a city meet our climate change objectives and targets.

Average grant sizes are in the range of \$10,000 to 20,000. Some recent examples include:

- \$14,988 to Ecobulb Ltd to support Christchurch homes with reducing their energy usage.
- \$15,000 to the Avon Ōtākaro Network Inc. towards river regeneration work.
- \$6,000 to Pregnancy Infancy Parenting Support towards their project encouraging the use of reusable nappies.

**Heritage:** \$547,000 p.a. reducing to \$209,000 p.a. from 2024/25 onwards.

Heritage funding is made up of three sub-funds: The Heritage Incentive Grants, Intangible Heritage Grants, and Heritage Festival Community Grants. These funds collectively help deliver on the Heritage Strategy.

Recent example from the Heritage Incentive Fund:

- \$42,000 to The Home and Family Charitable Trust for fire protection and roof repairs for the Sisters of the Community of the Sacred Name building

Recent examples from the Intangible Heritage Grants include:

- \$4,128 to the Lyttelton Information Centre Trust for their Heritage Window Display Project
- \$3,000 to the Canterbury Museum and Tagata Moana Trust celebrating Pasifika heritage in Canterbury for the Heritage Festival

**Accessibility:** \$100,000 p.a.

Accessibility Working Group Seed Funding, potential uses range from supporting audit and research, to part funding initiatives and services. This fund has not been allocated to date primarily as accessibility initiatives have been included in project costs to date.