

Briefing – Council
Draft Annual Plan 2022-23
NOTES ATTACHMENTS

Date: Wednesday 25 May 2022
Time: 9.30am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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Annual Plan 2022-2023

Briefing for Councillors

25 May 2022

Guidance

- Changes arising from community consultation, residents survey
 - Financial parameters
 - Opex changes
 - Standalone consultations
 - Capex changes
 - Councillor proposals
 - Amendments process
 - Next steps
-

Key Assumptions

- 'Light' Annual Plan, given work on Long Term Plan 2021
- LTP remains guiding document
- Purpose of a draft Annual Plan is to –
 - adjust to any change in circumstances
 - make any proposed changes transparent to the community
 - receive and consider community feedback on those changes

Context

Unusual factors during past (and coming) year:

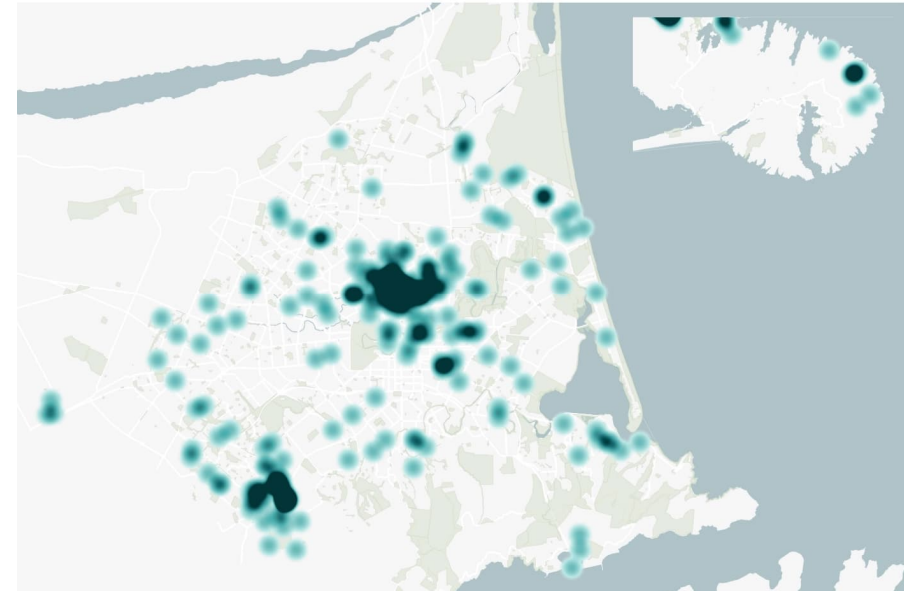
- as in many sectors, staff turnover is challenging
- factors outside CCC control include unusually high summer rainfall and the WWTP fire
- Covid has had impacts across operational and capital works
- Reform programmes (Three Waters etc)

Community Consultation and Residents' Feedback

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Who did we hear from?

Banks Peninsula	13	3%	0.1%
Coastal – Burwood	24	5%	0.04%
Halswell – Hornby – Riccarton	73	14%	0.08%
Fendalton – Waimairi – Harewood	43	9%	0.06%
Linwood – Central – Heathcote	53	10%	0.06%
Papanui – Innes	104	21%	0.2%
Spreydon - Cashmere	12	2%	0.02%



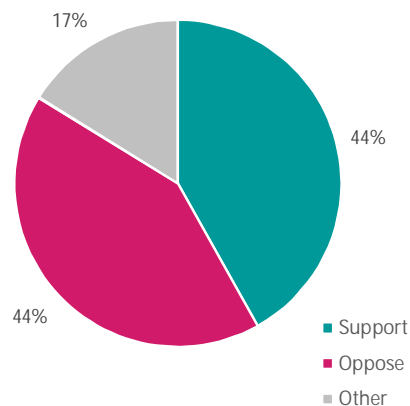
Who did we hear from?

Age	Number of Submitters	% of Submitters	% of Population*	Ethnicity	Number of Submitters	% of Submitters	% of Population*
Not Stated	180	35%		NZ European	265	52%	72%
Under 18 years	2	0.4%	21%	Maori	20	4%	10%
18 – 24 years	15	3%	11%	Pacific Peoples	8	1%	4%
25 – 34 years	60	12%	16%	Asian	12	2%	15%
35 – 49 years	99	19%	20%	MEELA	4	0.8%	2%
50 – 64 years	82	16%	18%	Other European	36	7%	8%
65 years and over	75	15%	15%	Other	20	4%	

* Proportion of the Christchurch City population at Census 2018

We really want you to get the balance right when it comes to rates...

140 submitters provided feedback on our rates proposal;
44% supported the proposal,
44% opposed the proposal,
17% provided other views or proposals



Generally you've got your planned spending about right...

But there are some specific areas where we would like to see more spending and projects that we would like to see completed, and we would like you to look for ways to further reduce the burden on rate payers

Sub Theme	Count	% of spending submissions
Balance is right	12	17%
Balance is not right	4	6%
Get the basics right	12	17%
Reduce spending	14	20%
Spending in the east	6	8%
Phillipstown	7	10%

We're feeling frustrated by your continued spending on nice to haves...

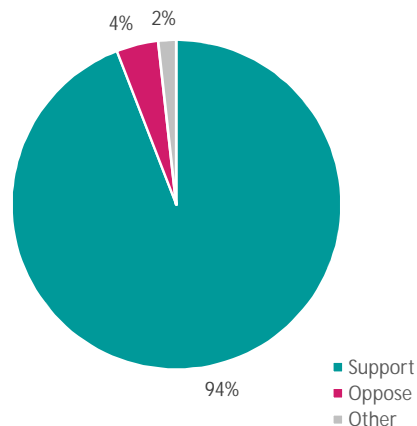
When we are having to fight so hard for improvements in basic infrastructure.

And we are feeling frustrated that you seem to have forgotten about some areas of the city.

Category	No. Submissions	Support	Oppose	Other	
Roads	157	11%	7%	89%	<p>Large number of submitters providing alternative feedback and proposals:</p> <p>Roads Intersection improvements and upgrades and safety improvements and upgrades; improving the infrastructure in areas of the city</p>
Footpaths and Streetscapes	69	17%	12%	74%	<p>Footpaths and Streetscapes Improving the condition of our footpaths; safety improvements including condition and safe crossing points; improving accessibility of our footpaths and pedestrian spaces</p>
Cycleways	75	44%	21%	43%	<p>Cycleways New infrastructure in areas of the city where it is not currently planned for; improving local connections to major cycleways network</p>
Parks	52	23%	8%	75%	<p>Parks Upgrades and improvements and a range of parks across the city; improvements to play equipment and facilities available in our parks</p>
Community Facilities	11	18%	9%	73%	<p>Community Facilities New or replacement facilities for some communities; Future uses of un-used facilities</p>

Local facilities are important to us...

170 submitters provided feedback on our proposed grant for Edgware Pool;
94% supported the proposal,
4% opposed,
2% provided other views or proposals



We want to partner with you on creative ways to provide community spaces...

25 submissions in support of the proposal for 129 Gloucester Street from a range of community groups and individuals

Strong support for the council decision not to sell the Gloucester Street site.

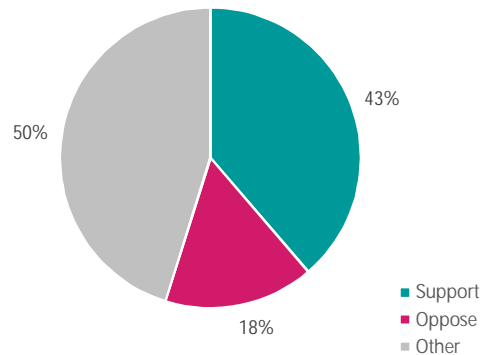
Now want to see a future use that is focused on the performing arts, and will compliment the other activities in the performing arts precinct. Feel that the site presents an opportunity for a community-led arts space.

A collaborative approach between the Council and community groups

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

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

28 submitters provided feedback on our proposed spending on climate action;
43% supported the proposal,
18% opposed the proposal,
50% provided other views or proposals



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

25 submitters provided feedback on city planning issues
14 submitters provided feedback regarding the tree canopy

Concerns about the impacts of ongoing growth and intensification, and the implications of the Medium Density Residential Standards on communities and the built and natural environments.

Understand the need to provide housing for our growing population, but don't want to see this happen at the expense of our tree canopy.

Some discussion about the important role of the tree canopy in our approach to mitigating the impacts of climate change.

Some comments about the regulatory framework needing to enable more alternative types of housing

LTP Levels of Service Target Achievement

Residents Survey measured 38 levels of service across 14 Council Activities

- Two thirds (66% [25]) met targets
- One thirds (34% [13]) targets not met

85%+ satisfaction:

- Walk in and phone customer service; event support; libraries; Botanic Gardens and Mona Vale; Regional Parks; cemeteries administration services; Hagley Park; recreation and sport facilities; recreation and sport support; education programmes; Bus Interchange and Riccarton Bus Lounge

50% or lower satisfaction:

- Decision making: having a say and processes easy to use, understanding and influence, making decisions in best interests of city; on-street parking; water supply quality; stormwater drainage; road condition; footpath condition

Financial Position

Draft Annual Plan position

- Inflation - Position is to hold to LTP and review in April/May (post Draft) whether inflation forecasts are easing as predicted.
- Interest Rates - Material impact in next 3 years incorporated. Re-review post Draft.
- Rating growth – Conservative 0.8% assumed, normal post Draft update
- Risks – Covid and Ukraine. Risks to revenue remain particularly for facilities and parking. Also risks around Covid related costs – security, staff etc.

Inflation

- Review undertaken as to whether 2.1% remained appropriate
- Recommendation - increases where specific risk identified
- Specific changes made to Contract Maintenance, Electricity, Insurance, procurement savings, staff remuneration
- Additional provision for 1% increase to remaining opex costs
- No adjustment to capex programme
- Risk remains:
 - may need to be managed during the year
 - Potential catch-up in 23/24

Inflation

Recommendation moves rates increase from 3.8% to 4.2%

Rationale:

- Achieves a lower rates increase than the Draft – supporting residents in rising cost environment whilst recognising the ongoing cost pressures for Council
- Ensures ratepayers aren't overrated while period of higher inflation is uncertain
- Somewhat reduces the risk of higher future years rate increases to compensate if inflation remains high
- Maintains tension between service delivery and budget management
- Conscious of last 2 years surplus results

Other Opex changes from Draft Annual Plan

- Interest rates – new borrowing rate moved from 3.22% to 3.8%
- Rating growth – 0.8% increased to 1.27%. Est \$2.8m revenue increase
- Capital carry forwards – increase of \$127m, positive rating impact of \$5.6m
Material borrowing cost deferral for 3-4 years.
- 21/22 Opex surplus – forecast \$6.7m after repaying all Covid debt, recommended to cover Covid Business recovery programme, Enabling Housing Supply Act cost increases, and WWTP resident support.

Other Opex changes from Draft Annual Plan

- Parakiore / Metro
 - revised opening date from 1 Feb 2023 to 1 Sept 2023 delays running costs
- Southwest Leisure Centre
 - delay in opening from 1 Mar 2023 to 1 Oct 2023 delays running costs
- Parking and Bus Interchange revenue reduction
 - post Covid impact – revenue returning to normal during 22/23 less likely
- Burwood Landfill – new consent granted
 - to continue operations until FY24 resulting in net revenues increase in FY23 (\$3.1m)

Other Opex changes from Draft Annual Plan

- Short term accommodation activity monitoring
 - 2 additional compliance officers in relation to plan change 4
- Surplus land management
 - Facilities funding requirement for progressing surplus land to sale or reuse
- Barry's Bay landfill remediation
 - additional \$0.15 million expected costs to remediate non-compliant landfill
- Community rates remissions growth
 - \$0.15 million required to allow for current year growth in remissions

Rates – current proposed position

% Increase to existing ratepayers	22/23	23/24	24/25	25/26
LTP	4.97	5.4	5.4	5.5
Draft Annual Plan	4.96	5.3	6.2	6.5
Change	-0.80	+0.4	-0.2	+0.9
Current proposed position	4.2	5.7	6.0	7.4

- Note this is pre any submission decisions or Councillor amendments

Opex Changes

Submissions proposing Opex

Issue	Staff Response (Recommendation)
<p>1. Governors Bay Jetty</p> <p>Staff have been working with the Save the Jetty Trust since 2016 on this project. Council's total contribution to date is \$935,000. The cost of the rebuild has now increased beyond the original \$2.6 million. The Trust has continued to talk in terms of matching funding from Council. Council has never agreed to a 50/ 50 cost split. Staff continue to advise on and support the Trust's fundraising efforts. Additional \$815k Capex funds will be required.</p>	<p>Recommended</p> <p><i>Note that Council does not agree to a dollar for dollar /match funding approach to an unknown value. That Council makes a full and final commitment to the restoration.</i></p> <p>Rates impact 0.01% in 2023/24 (borrowed for)</p>
<p>2. Akaroa Museum</p> <p>A call is also made to increase (\$10,000) operational funding to the Akaroa Museum to ensure that it can continue to fulfil its role in caring for and sharing the significant local history of Akaroa and Banks Peninsula.</p>	<p>Recommended</p> <p><i>The funding will assist the Museum to better undertake its activities including exhibition development, education and community engagement and undertake important conservation of tāonga in its care.</i></p> <p>Rates impact minor</p>

Submissions proposing Opex

Issue	Staff Response (Recommendation)
<p>3. Library book hold fees</p> <p>We appreciate that the \$3 hold fee is a barrier for some customers who wish to request specific titles. Libraries receive regular feedback from customers wanting to have the holds fee removed. Revenue from holds generated approximately \$230,000 in FY2021. Removing the holds fee would require Council to substitute this with rates funding.</p>	<p>Not Recommended</p> <p>Rates impact of revenue reduction 0.04%</p>
<p>4. Waterways Quality & Compliance</p> <p>Implementation of the full suite of initiatives to ensure that we control erosion and reduce sediment going into our waterways would require additional resources, approximately \$500,000, for education and enforcement activities. Providing this funding would need to be balanced against other Council three waters priorities. Per briefing: the question was raised as to whether \$250,000 would still make a difference.</p>	<p>Not Recommended</p> <p>We are delivering \$80 million worth of works in the Heathcote catchment to manage the flood risk and to improve water quality in river and its tributaries. The benefits of this work will become increasingly apparent as the individual projects are completed across the catchment – dredging, stormwater basins, wetlands, bank stabilisation and habitat improvements.</p> <p>Rates impact 0.08%</p>

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Submissions proposing Opex

Issue	Staff Response (Recommendation)
<p>5.Parks Operational Costs</p> <p>Common areas of resident concern relate to mowing frequency and weed control in gardens. An additional round of weed control costs approx. 100K and additional round of amenity mowing costs approx. 50K.</p>	<p>Not Recommended</p> <p>Per briefing 25 May 2022: additional funding is not required as staff have found efficiencies within existing budget. <i>To see a demonstrable shift across most weather conditions, mowing would need to increase by 4 rounds per annum (\$200k) and weed control an additional round of weed control resulting in a monthly schedule (\$100K).</i> Rates impact of \$300k 0.05%</p>
<p>6.Additional Regional Park Ranger resources</p> <p>Submissions acknowledge the work done by park rangers in the regional parks and are requesting additional ranger resources.</p>	<p>Not Recommended</p> <p><i>To have a demonstrable impact across regional park activity a minimum of 2 rangers for the Port Hills/ Banks Peninsula team and 2 roles for the Coastal / wetlands team would be required to meet increasing community volunteer demand. Total cost \$170K opex \$170 K capex.</i> Rates impact 0.03%</p>

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Submissions proposing Opex

Issue	Staff Response (Recommendation)
<p>7. Campervan Park study</p> <p>Submission on behalf of the Waitai Coastal Burwood Community Board requesting funding for a feasibility study for a campervan park in the Brooker Avenue area. Opex would be required in the order of \$100K.</p>	<p>Not recommended</p> <p><i>Whilst the regen plan acknowledges that camping could be accommodated (outside green spine) staff are recommending not proceeding at this time as all resources are focused on the delivery of council approved initiatives i.e. City to sea pathway. This should be reviewed once the current initial initiatives are fully inflight.</i></p> <p>Rates impact 0.02%</p>
<p>8. Heritage Incentive grants</p> <p>Historic Places Canterbury seeks the reinstatement of funding for the Heritage Incentive Grant scheme to former levels of between \$800,000 and \$900,000 per annum.</p>	<p>Not recommended</p> <p><i>While the Council's Heritage Strategy provides for the Council to support heritage building owners funding, some funds are already available for this.</i></p> <p>Rates impact of \$800k 0.13%</p>

Submissions proposing Opex

Issue	Staff Response (Recommendation)
9. Canty Museum Operating Levy	Not recommended
Museum objection <i>to the proposal to fund a 0% levy increase and request that Council retain the 5% (4.3% CCC) levy increase for 2022/23 to enable the Museum to meet its obligations and deliver its Annual Plan and the Redevelopment Project”</i> .	<i>Museum and Council finance staff met to reconcile the differing views of prior year surpluses. The original staff analysis is materially correct. On that basis the original staff recommendations are to: hold the operating levy of \$8.3m being 0% increase Rates impact of levy change = \$415k 0.07%</i>
10. Edgware Pool	Recommended
170 submissions were received on the proposed capital grant for Edgware Pool. 160 of these were in support of the proposal, seven opposed and three provided other views or proposals.	Staff note that there was nothing in the submissions that would recommend a change to the Draft Annual Plan.

Standalone Consultations

Five Satellite Consultations

- 1) Vacant central city land - new general rate differential and remission
- 2) Proposed New *Policy on Remission and Postponement of Rates on Māori Freehold Land*
- 3) Waste Minimisation Targeted Rate (WMTR) - Opt out for multi-unit residential developments
- 4) WMTR – Expanding the kerbside collection area in Wairewa
- 5) Other rating policies (Revenue and Financing Policy; Rates Remission Policy)

Vacant central city land

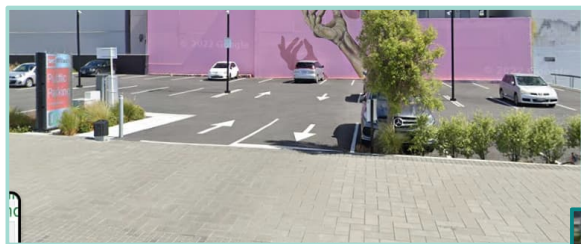
Purpose:

- 1) To achieve a fairer balance of rates for vacant central city land.
Recognise that owners of those sites benefit significantly from Council's activities, yet they pay low rates (due to having low capital value)
- 2) To provide an incentive for vacant sites to be kept in an improved and maintained condition

Vacant central city land – process overview

Is there an active or consented use?

YES



Normal business differential applied
(No need for remission)

NO

Is it kept in an improved and maintained state?

YES



Remission of City Vacant differential
(Net rate = business differential)

NO



City Vacant differential
No Remission

What did submitters tell us? Central City Vacant Land Rates

A new "City Vacant" differential rate	64% 46	17% 12	18% 13
A new rates remission for vacant land	50% 27	31% 17	18% 10
Wider application of a vacant differential rate	100% 26		
A financial mechanism to encourage/require owners to act in relation to Central City 'Barrier Sites'	78% 40	16% 8	6% 3

Support

Positive impacts it would deliver across the central city

Potential to improve the overall look, feel and general perceptions of the central city

Oppose

Will unfairly penalise the owners of vacant land

Feel a more constructive approach would be for us to work with land owners on other incentives to get these sites developed

Vacant central city land - Numbers

Measure	Number
Number of vacant sites in the CCB / CCMUSF Zones	194
Number that will not have the City Vacant differential applied (e.g. because they have a consent or are supporting nearby construction)	54
Number that are already kept in an improved and maintained state (qualify for remission)	20
Number that currently have a consent in process	62

Based on current information - numbers may change significantly

- Additional revenue from City Vacant differential = \$1.4m (excl GST)
(assuming we didn't reduce other rates correspondingly)
- Cost of remission = \$1.0m
(assuming we give remission also to those with a consent in process)
- So net additional revenue from City Vacant differential = \$0.4m

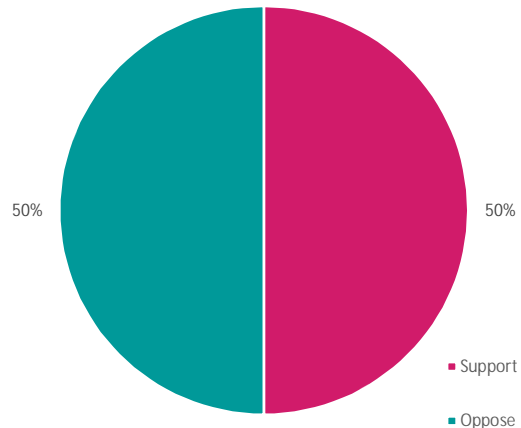
Vacant central city land – submissions and response

Submission issue	Response and recommendation
Proposal is illegal	Our legal advice is that the proposal is authorised under legislation (LGRA and LGA)
Extend the proposal to derelict buildings	This is not possible since we did not consult on a detailed proposal to cover derelict buildings from 1 July 2022. Staff will carry out further work and report on options for a potential proposal for consultation ahead of the rating year beginning 1 July 2023.
Extend the proposal to other parts of the city	This is not possible since we did not consult on a detailed proposal to cover other parts of the city from 1 July 2022. Staff will carry out further work and report on options for a potential proposal for consultation ahead of the rating year beginning 1 July 2023.
This is a “punitive” rate trying to force development	Vacant sites pay low rates, yet owners benefit significantly from Council's activities. The proposal is not a fine or punitive rate: it aims to achieve a fairer balance of rates. Section 101(3) analysis on BTC. Council is not “forcing development”: vacant sites can take simple steps to improve their appearance and receive remission.
Council delays in issuing consents cause unfair outcomes	Include a remission (similar to the proposed remission) covering the situation where Council consenting delays have unfairly prevented a site from avoiding the higher differential.

Staff recommendation: Proceed as proposed, but with an additional remission covering consenting delays

What did submitters tell us? Maori Freehold Land Policy

10 submitters provided feedback on our rates proposal;
50% supported the proposal,
50% opposed



Support

General support

Appropriate to update the policy to reflect changes to the LGA and LGRA

Oppose

Opposed enabling the land to sit undeveloped and special treatment for Māori owned landholdings

Oppose the policy as it stands as it does not respond to our obligations under Te Tiriti o Waitangi.

