

Finance and Performance Committee MINUTES ATTACHMENTS

Date: Wednesday 31 May 2023
Time: 9.30 am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

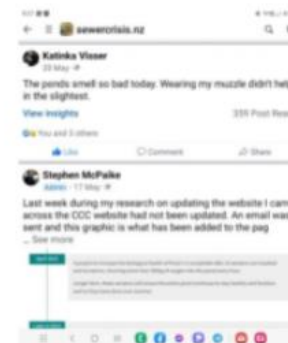
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Sewage Treatment Plant - It's time for more action

Don Gould 31 May 2023

It's not OK

- ▶ Social media posts like these aren't OK
- ▶ It's been more than a year and a half
- ▶ Residents can't be held to ransom by insurance companies and lawyers



It's time to reach out for more help...

- ▶ We have asked for a plan and a time line - it's fallen on deaf ears.
- ▶ We feel like we're being managed and out gunned by clever managers rather than a community with needs that are being listened to...
- ▶ The community is being held as an economic hostage...
- ▶ Without any sort of plan or time frames, residents can't move on...
- ▶ We know that the stench doesn't bother some, but it very much bothers others...
- ▶ Residents are being held in limbo...
- ▶ Fake promises of "it's in the hands of insurance" aren't ok.

What can we do?

- ▶ We can reach out to other communities for their help around the globe...
- ▶ The question many want to know, like when you crash your car, is how long does it typically take to settle a \$100 million dollar insurance claim?
- ▶ How long does it take to plan a sewage treatment plant for 400,000 people?
- ▶ When your city had a disaster, did your government buy out impacted residents or were they locked in their assets?
- ▶ We can ask these questions across the globe in search of answers just like we ran around the city a year ago looking for “Prezzie cards” and then made a video of our efforts.

Who can we talk to?

- ▶ The logical people for us to reach out to are councils and governments that have had disasters too...
- ▶ We also need a sanity check...
- ▶ Is it reasonable for people to live in stench for years?
- ▶ Is it reasonable for people to go without answers, a commitment to repair?

Who should we check with for sanity?

- ▶ People around the world have views on these things and it's time we started to ask, as a community in the absence of our council.
- ▶ The logical first place is to ask those who visit us for their views on how we treat our people...

Why?

- ▶ A year ago I didn't like it when I saw a Zoom council meeting with one of our residents in tears.
 - ▶ I rose up community social media groups.
 - ▶ I created websites.
 - ▶ I hosted public meetings.
 - ▶ I spent months facing council meetings.
 - ▶ I was given assurances.
 - ▶ I was given apologies.

Why?

- ▶ This week I was forwarded an email you all got too...
- ▶ A plea for help as residents reach out, at wits end, suicidal.
- ▶ Yes, this garnished my anger and energy.

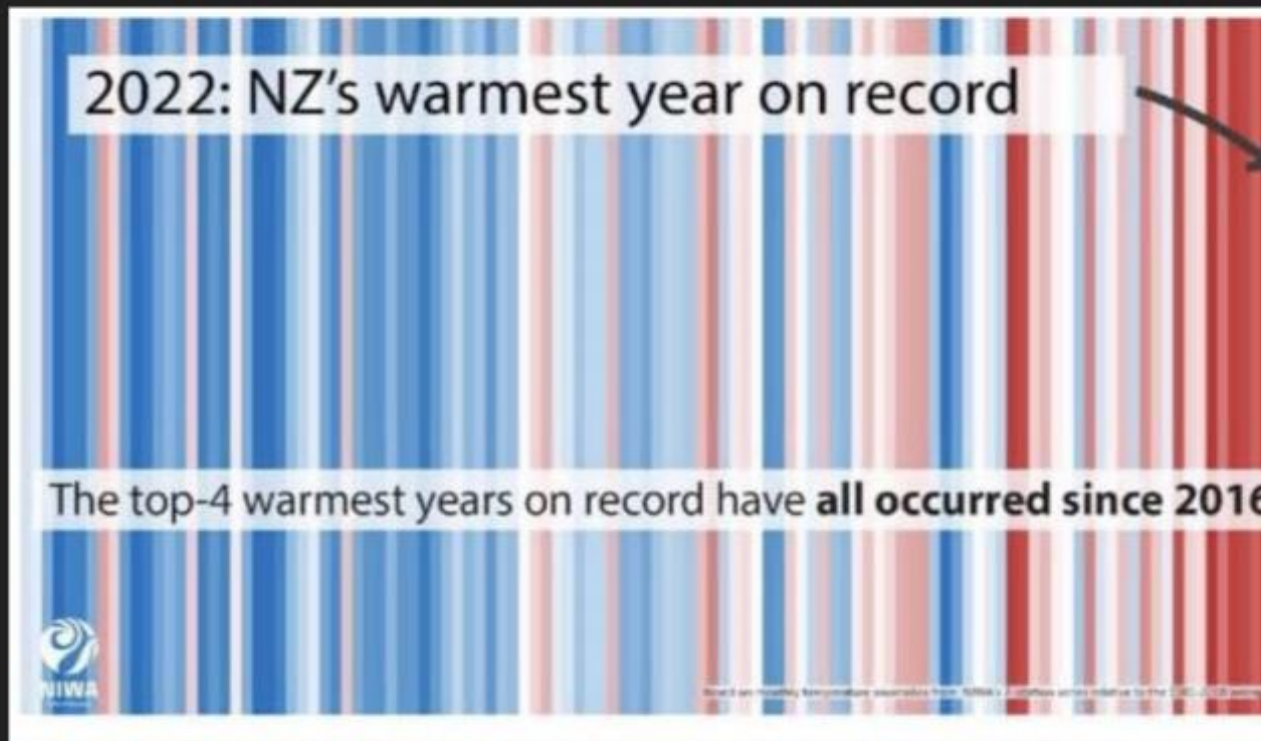
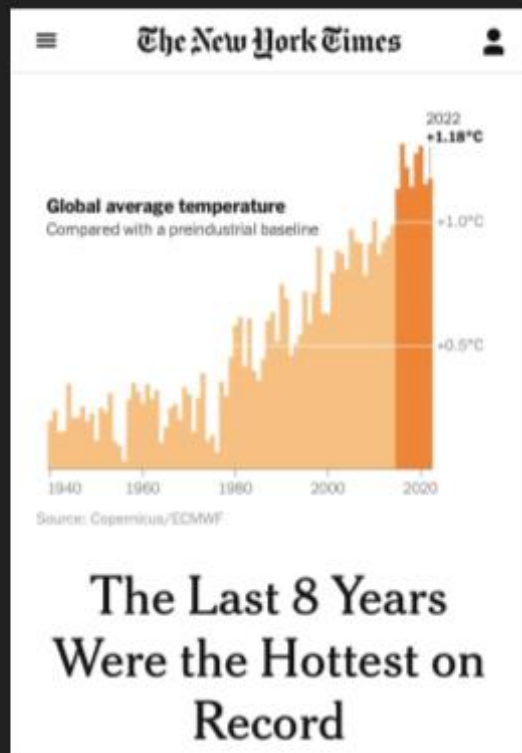
What I want...

- ▶ I've already told you what I want...
- ▶ A plan, a time frame, some reasonable expectations...
- ▶ Now I also want an exist strategy for those who simply don't want to stay...
- ▶ HNZ has closed homes for years, pending redevelopment...
- ▶ People who want to sell should be settled and their burden shared across the whole city, by our city...

The behaviour of CCC and CIAL in regards to Tarras Airport.

Deputation by Extinction Rebellion Otautahi

The Climate and Ecological Emergency



The Climate and Ecological Emergency



CIAL's new land acquisition

 **RECORD OF TITLE**
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Historical Search Copy



Identifier 907286
Land Registration District Otago
Date Issued 05 November 2023
Price Subsidium 0.00000

Details For Sample
Area 30.0746 hectares more or less
Legal Description Lot 2 Dispositum Plan 140743
Original Registered Owners
Philip Henry John Powell

Interests
Subject to Section 11 Crown Minerals Act 1991 (certain parts formerly Lot 6 DP 413124)
Subject to Section 296 Land Act 1924 (certain parts formerly Lot 2 DP 980196)
Subject to Part 19 A Conservation Act 1987 (certain parts formerly Lot 4 DP 413124)
Subject to a right to convey water over part overlaid by an DP 140743 created by Statutory Instrument 1624076, 3-
20 11 2007 as 1919-10
0270371-1 Compensatory Certificate granted to Section 19 Public Works Act 1951 - 11.7.2009 as 1.00 per centum part
formerly Lot 2 DP 980196
19801478-4 Consent Notice granted to Section 221 Resource Management Act 1990 - 5.12.2017 as 12.00 per
11700740-4 Consent Notice granted to Section 221 Resource Management Act 1990 - 5.11.2019 as 10.00 per
12728481-1 Transfer to Christchurch International Airport Limited - 11.5.2023 as 0.04 per

Document ID
12728481

12728481.1 Transfer to Christchurch International Airport Limited - 11.5.2023 at 4:14 pm

ChristchurchNZ

Economic Development Agency

QUARTER 3 REPORT to 31 March 2023

Dr Therese Arseneau, Chair
Ali Adams, CEO



ChristchurchNZ Purpose

ChristchurchNZ is the city's **economic development agency**, responsible for delivering sustainable economic growth for Ōtautahi Christchurch on behalf of Christchurch City Council.

ChristchurchNZ plays a crucial role in helping the Council deliver on its undertakings for a **prosperous economy** and **liveable city**, which is clearly reflected in our refined strategic outcomes:



PRODUCTIVITY
& GDP OUTPUT



LIVEABILITY



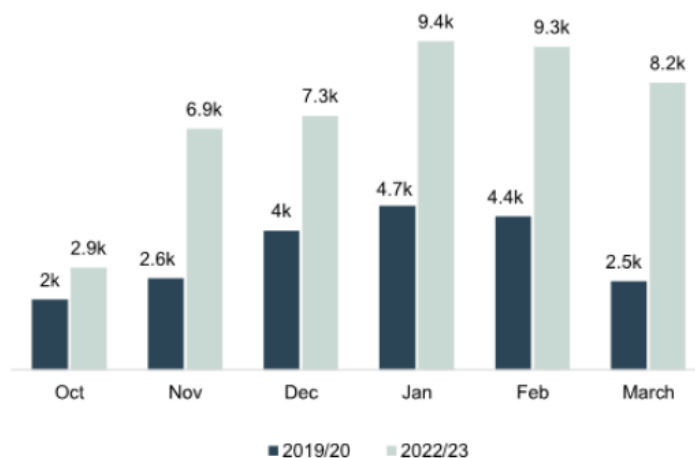
WORKFORCE
HIGH VALUE DECENT WORK
& BUSINESS RESILIENCE



ATTRACTIVENESS

Economic Update

International visitor transactions in Lyttelton
(via ECT), 2022/23 vs pre-COVID
Source: Marketview



- Unemployment low at 3.6% (Dec 2022 quarter)
- Increase in size of labour force, not a decline in the number of people employed
- Highest labour force participation in Christchurch for almost five years
- Low levels of housing market activity
- Median house price -7% down from peak (Auckland - 23% : Wellington -25%)
- Tourism recovery continues – including return of Cruise to Lyttelton
- Increasing value of exports



ChristchurchNZ Quarter 3 Results

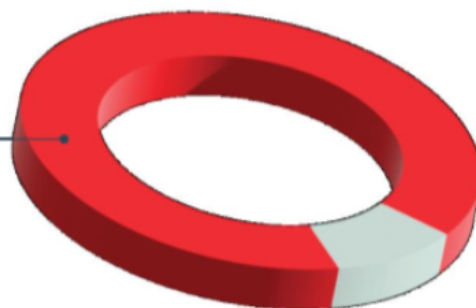
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What our work is supporting in 2022/23 – third quarter results



Quarter 3 Results Levels of Service, KPIs, and Budget

27 OUT OF 30
LEVELS OF SERVICE
ON TRACK OR ACHIEVED



The three **Levels of Service** that are not on track:

- The number of businesses in the Christchurch Antarctic Business Network
- Two measures impacted by work on the new city place brand and destination management plans:
 - Investment secured into promotion and product development
 - Destination products



Key performance indicators (KPIs) are measured six monthly. As reported in the half-year report all KPIs are on track.



The **budget** underspent by \$1.241m due to planned activity occurring later than anticipated. Activities expected to occur in Quarter 4.



Quarter 3 Highlights

to 31 March 2023

7



ITM New Zealand Sail Grand Prix

The Development of Naval Point – Te Nukutai o Tapoa



98% Attendee
satisfaction



10% Christchurch City
spend increase



90 Pieces of coverage
during event period



≈12k Attendees to main
event & live site



95% agreed
that:

*"Hosting events like SailGP makes
Christchurch a more enjoyable place to live"*

77% agreed
that:

*"My experience at SailGP has improved my
perception of Christchurch as a place to visit"*



Cruise

What we delivered

QUARTER 3 HIGHLIGHTS



The cruise season is now completed, attracting 133,000 visitors to the Lyttelton cruise berth.

ChristchurchNZ is undertaking a season review including:

- Economic and social impact
- Recommended improvements for the 23/24 season including public transport

ECT Visitor Spending 2019 vs 2023 (Jan-Mar period)

Source: Marketview



Urban Development

What we delivered

QUARTER 3 HIGHLIGHTS



New Brighton

Information sessions held for 'Town Team Movement' to support new business network.

Two more Good Guides published with strong engagement.

Good progress on Seaview Rd development, with owners starting to move in. Resource consent granted for Beresford Street development.

Milton Street Mixed Use Development

Four lot subdivision completed and titles issued.

Settled with NIWA for the development of new research facility.

Site clearing and critical infrastructure upgrades.

Heart of City

Baseline analysis completed.

Distributed brief seeking support for Creative Illumination Project.

Supported local community projects including a business incubator, festivals, murals, movie nights and more.

Innovation & Business Growth

What we delivered

QUARTER 3 HIGHLIGHTS



Aerospace

NASA visited Christchurch

City delegation to Melbourne & Adelaide

First meeting of the Canterbury Aerospace Leadership Group

Tours of Tāwhaki & Kea Aerospace

Partnership with Aerospace NZ



Christchurch Antarctic Office

Successful Antarctic season completed in March.

Significant engagement with the Christchurch-based Antarctic programmes.

Hosted civic events on board two Antarctic research vessels in Lyttleton.

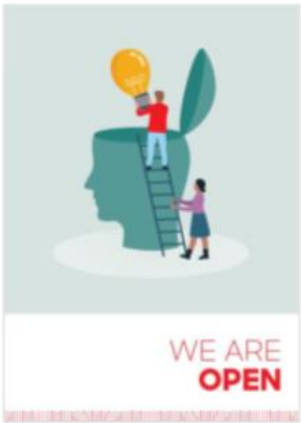
Culture Survey

What we delivered

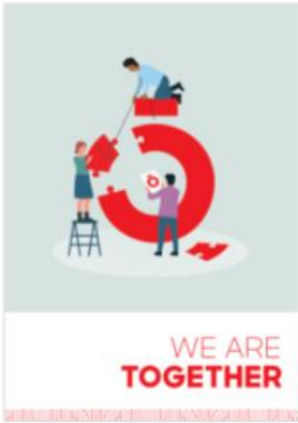
QUARTER 3 HIGHLIGHTS



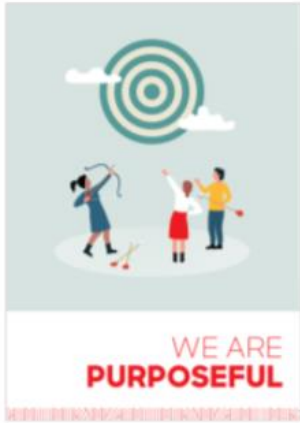
Date of Survey	Participation	OEI (1-5)	Leadership (1-5)
June 2019	63%	3.76	3.89
Dec 2019	81%	3.91	4.06
June 2020	81%	3.86	3.82
Dec 2020	75%	3.97	4.01
June 2021	86%	3.80	4.16
Dec 2021	74%	3.86	3.90
June 2022	81%	3.72	3.90
March 2023	92%	4.09	4.21



WE ARE
OPEN



WE ARE
TOGETHER



WE ARE
PURPOSEFUL

Thank you & Questions



CCHL & SUBSIDIARY DRAFT SOIs FY24-FY26

Council Meeting - Wednesday 31 May 2023



Financial Capital



Governance Capital



Human Capital



Infrastructure Capital



Social Capital



Natural Capital

WHOLLY OWNED SUBSIDIARY OF CHRISTCHURCH CITY COUNCIL

Introduction

- SOIs Prepared in accordance with Section 64(1) of the Local Government Act 2002
 - LPC is a Port Company governed by the Port Companies Act 1988
 - Orion is an Energy Company governed by the Energy Companies Act 1992
- No Letter of Expectation issued by Council for FY24
- Council requested that CCHL focus on the recommendations of the CCHL Strategic Review
 - Maintain CCHL's existing structure to provide an independent non-political buffer
 - Restructure of the CCHL Board
 - Strengthening engagement with the Shareholder and other external stakeholders/partnerships
 - Modify the SOE process (10 year planning horizon)
 - Stronger engagement and improved transparency between CCHL and its subsidiaries
- Guided by Enduring Statement of Expectations issued in 2021
- Detailed presentation on draft SOIs to Council on 9 May

CCHL Key Focus Areas

Draft SOI informed by four key areas of focus – impact our strategic context and operating model

1. Council requirements
 - a) Stronger engagement, increased transparency and improved communication
 - b) Stronger governance oversight
2. Challenging economic environment
 - a) Impacts operating performance, capital intentions and dividend policies
3. Strategic priorities (Council's and CCHL's)
 - a) Informed by Councils Statement of Enduring Expectation
4. Strategic Review (covered in next slide)

CCHL Strategic Review

Council received the Northington Report (December 2022) and resolved:

- That Council develop a clear Value Strategy in relation to building and utilising income or value from CCHL primarily informed by Council's long-term requirements;
- Working closely with the Council, that CCHL be requested to scope and develop Detailed Business Case(s) which fully considers the costs and benefits of adopting a hybrid approach to managing the portfolio, including rebalancing and returning capital to Council;
- That these two pieces of work are prepared in time to inform and be considered as part of the Draft Long Term Plan 2024-2034.

CCHL's Response has had three key areas of focus

- CCHL Board restructure complete
- CCHL and Subsidiary commitment to stronger engagement and improved transparency has commenced
- CCHL's have appointed a consortium to provide Business Case and Investment Advisory services
- Consortium work programme has been developed

Group & Parent SOI Forecasts

- Key factors impacting the SOI forecasts:
 - Challenging operating environment for all
 - Orion
 - Default price path
 - Network investment
 - CIAL
 - Post-pandemic recovery
 - LPC
 - Reset of pricing strategies
 - Eastern development
 - Enable
 - Peak connections and churn
 - Replacement of key operating technologies
 - Citycare
 - NPAT growth following Spencer Henshaw acquisition
- Dividends to CCC remained unchanged and align to CCC LTP

Group	2024 SOI FY24	2023 SOI	2024 SOI FY25	2023 SOI	2024 SOI FY26
Net profit after tax (\$m)	82	94	99	112	121
Net debt/net debt plus equity (%)	48%	50%	49%	50%	49%
Interest cover (times)	2.1	2.6	2.3	2.8	2.4
Return on equity (%)	3.2%	4.1%	3.9%	4.8%	4.7%
Return on assets (%)	1.5%	n/a	1.7%	n/a	2.1%
Shareholders' funds/total assets (%)	45%	43%	44%	43%	44%

Parent	2024 SOI FY24	2023 SOI	2024 SOI FY25	2023 SOI	2024 SOI FY26
Shareholder returns					
Dividends (\$m)	50.7	50.7	57.2	57.2	51.1
Dividend pay-out ratio	108%	89%	117%	75%	91%
Dividend yield (%)	1.9%	2.0%	2.1%	2.3%	1.9%
Return on equity (%)	1.7%	2.3%	1.8%	3.0%	2.1%
Return on assets (%)	1.2%	n/a	1.2%	n/a	1.4%
Shareholders' funds/total assets (%)	67%	69%	67%	69%	68%
Profitability/efficiency					
Net profit after tax (\$m)	47	57	49	76	56
Return on invested capital (%)	1.9%	2.2%	1.9%	2.7%	2.0%
Leverage/solvency					
Debt to EBITDA (times)	17.3	13.6	17.1	10.9	16.2
Net gearing (%)	32%	30%	32%	30%	32%
Interest cover (times)	1.8	2.3	1.8	2.9	2.1
Growth					
Revenue growth (%)	112%	107%	101%	121%	103%

Council Presentation - 31 May 2023

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Risks & Opportunities

Group Risks

- Economic headwinds
- Labour constraints
- Regulated environments
- Cyber and other emerging risks
- Climate transition

Opportunities

- Strategic choices
- CCHL Strategic Review
- Impact framework
 - Sustainability (decarbonisation and adaption)
 - Workforce optimisation
 - Gender balance and diversity
 - He Huanui (Māori pathways)
- Collaboration opportunities

Questions

2022-2023 Residents Survey Results

Finance and Performance Committee
31 May 2023

Overview

1. Context and actions to address Resident feedback
2. Levels of service target achievement
3. Services with higher satisfaction and those rated best by residents
4. Services with lower satisfaction and those residents say need improvement
5. Overall satisfaction with organisation service performance
6. Reputation and trust
7. Concluding observations

Residents Survey Programme

Central part of Council's Performance Framework

- Measures resident satisfaction based LTP level of service targets
- Surveyed total of 9,602 respondents this year

Residents Survey has two components:

1. General Service Satisfaction Survey

- Measures services all residents use (eg. roads, water, waste, etc)
- 774 respondent online survey; representative sample across city

2. Range of point of contact surveys

- Measure services with defined groups of users (eg. resource consents, events attendees, libraries, etc)
- 8,572 respondents using a range of survey tools: interviews, mail and online surveys

Life in Christchurch Booster Survey

- 256 respondent booster survey of key GSS measures with Māori, Pacific Peoples, those of Asian ethnicities and young people aged 18-24 years
- To improve representation of Residents Survey results for harder to reach groups

Context

- Unusual factors may be contributing to the results this year
 - Reform programmes requiring significant resourcing (eg. Affordable Water Reform, Future of Local Government, etc), labour and skills shortages with contractors and Council staff (vacancies challenging to fill)
 - COVID and supply chain issues continuing to have impacts across operational and capital works
 - Factors outside of the Council's control include above average summer rainfall affecting some maintenance-based Levels of Service; wastewater treatment plant fire impacting perceptions in affected locations
-

Key Actions to Address Resident Feedback

- **Communication and engagement with residents** (Engagement Working Group; improving survey representation and survey processes)
- **Responding to specific areas of concern** (reducing rates by reviewing capital programme with focus on deliverability; prioritising use of external funding for roads; footpath maintenance; investment in flood protection and control works)
- **Continued focus on Levels of Service, facilities and services our communities value** (survey results feeding into Annual Plan deliberations and 2024 LTP development; investing in facilities and services residents value; customer service improvements programme)
- **Continue to work closely with partners and partnering with communities** (enabling communities to deliver local projects and facilities; strategic partnerships eg. with mana whenua and Environment Canterbury on priority projects)

Key Actions to Address Resident Feedback

- **Additional budget allocated in the Long Term Plan** for the next 10 years to focus on improving the condition of our roads and footpaths
- **Continued focus on road maintenance and resurfacing.** Staff working with contractors to investigate and trial products to extend the life of surfaces and to reduce the ongoing costs of maintenance following resurfacing
- **Continued water main renewals** (currently on track with the programme set out in the LTP). Staff working with contractors to ensure major breaks and leaks are attended to promptly
- **Continued roll out of tactics proposed in the Engagement Action Plan,** including making more use of online engagement tools
- **Currently developing a communications and engagement reporting dashboard** to track trends, be more responsive to feedback, and adapt to meet the needs of residents
- **Continued focus on parks capital and work programme, renewals, and developments,** to address areas of concern about parks maintenance and condition. More planting and infrastructure planned including replacement with suitable alternative species

LTP Levels of Service Target Achievement



More services met their targets compared to last year



Three quarters (75% [30]) **met** targets (21 met targets this year **and** last: these were mainly services with face to face interaction with our staff and/or were highly visible services)

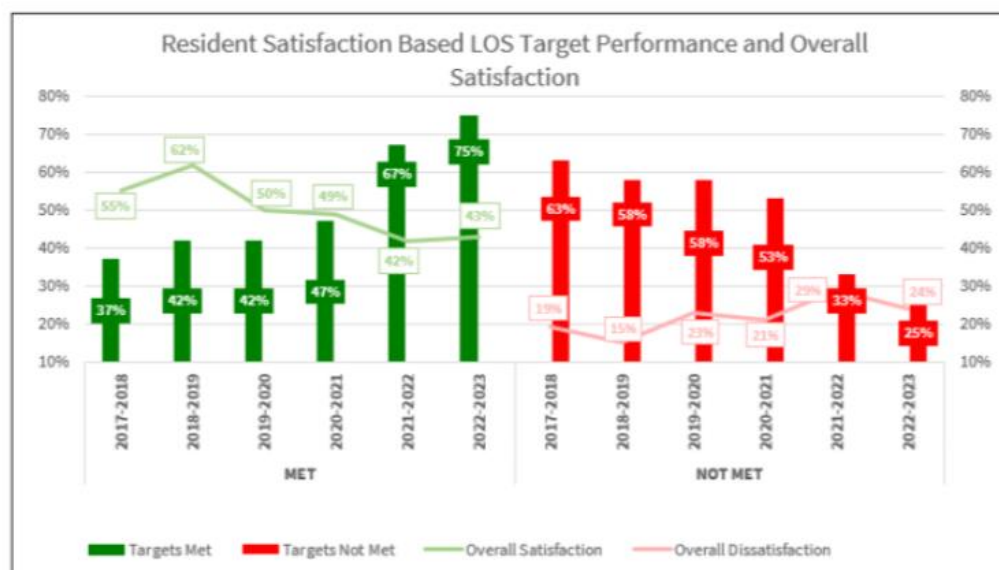


A quarter (25% [10]) **did not meet** targets (6 targets not met this year **and** last year: mainly maintenance service targets)

Measures 40 levels of service across 14 Council Activities

Target Achievement and Overall Satisfaction

 Disconnect between target performance and overall satisfaction score



More realistic targets have been set but resident expectations not aligned, especially in relation to value for money spent



Higher Satisfaction Services: 85%+ Satisfaction

Similar services to last year

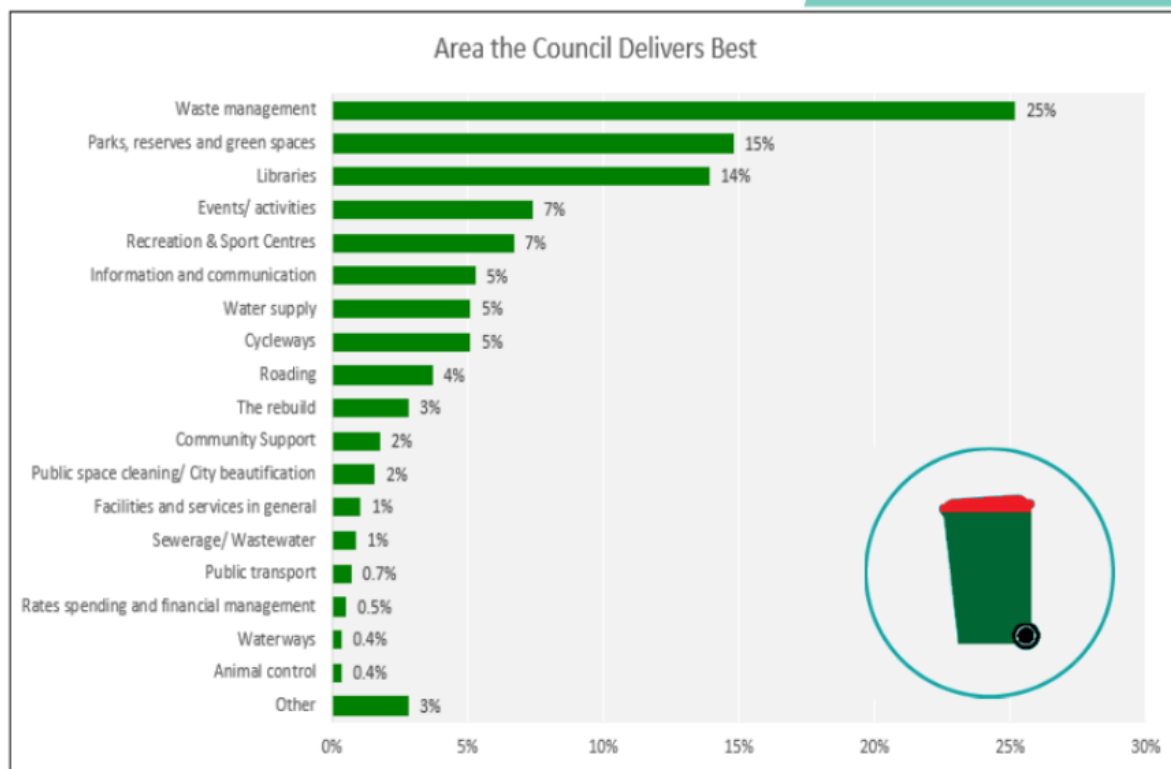


Walk-in and phone customer service; libraries; Botanic Gardens and Mona Vale; cemeteries administration services; Hagley Park; recreation and sport facilities; recreation and sport support; education programmes; community events

Success is closely tied to resident interactions with Council: especially staff manner and support; listening, good maintenance, reliability and community partnerships

Kerbside waste still the best service


Areas the Council Delivers Best



Two best services were the same as last two years:

- **Waste management:** generally a good service: three bin system; reliable and efficient; Bin app helpful
- **Parks and reserves:** well-presented and maintained parks, keep city looking nice; open spaces

Service Satisfaction Trends Since Last Year

 **More services
improved their
satisfaction scores
compared to last year**

Services that saw satisfaction improvements of 5% or more:

cemeteries presentation; external communications; water supply quality; on street parking; community events; community parks; parks heritage buildings; events and festivals (range); city promotions; kerbside recycling



**Services that saw satisfaction
decreases of 5% or more:** events support; regional park recreation, ecological experiences and presentation; resource consenting; off-street parking safety; Bus Interchange and hubs

Lower Satisfaction Services: 50% or Lower Satisfaction

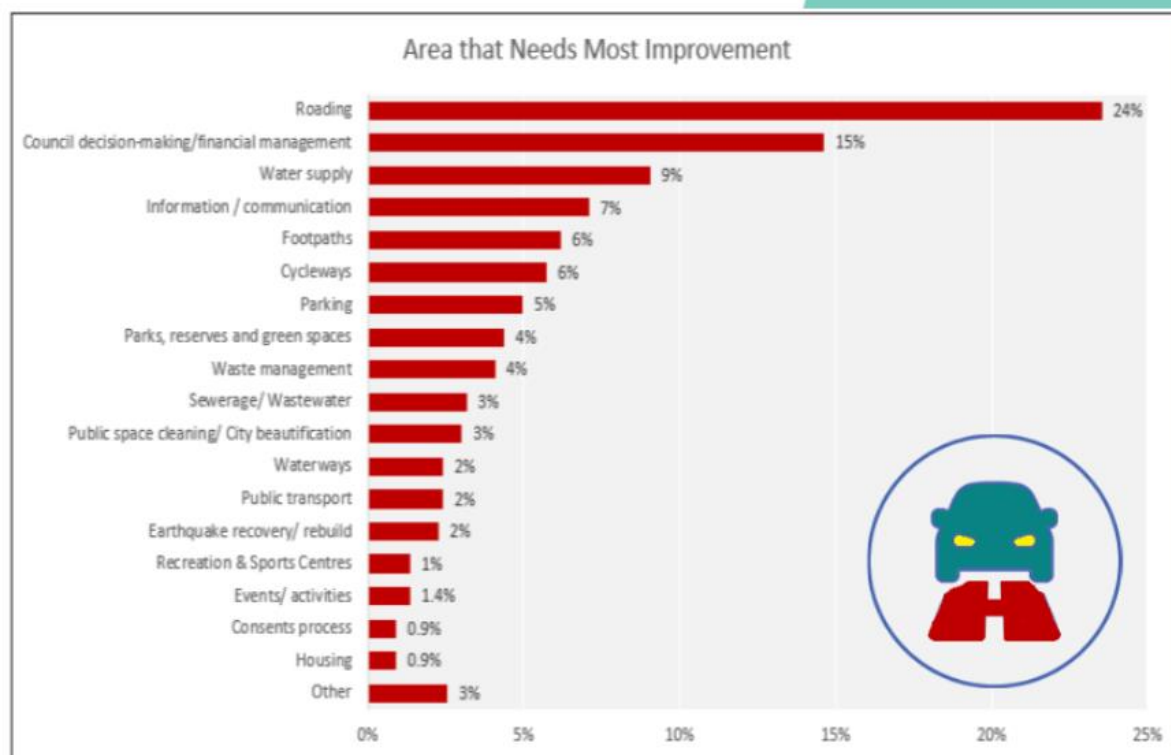
Similar services to last year



Decision making: having a say and processes easy to use, understanding and influence, making decisions in best interests of city; stormwater drainage; road condition; footpath condition

Closely tied to customer service issues and expectation management: not listening; prioritising nice to haves at expense of core services; inaccurate or insufficient information and advice; asset maintenance; perceptions of safety; expectations not matching delivery cost realities

Roading still the service most needing improvement



Areas the Council Needs to Improve

Two services most requiring improvement were:

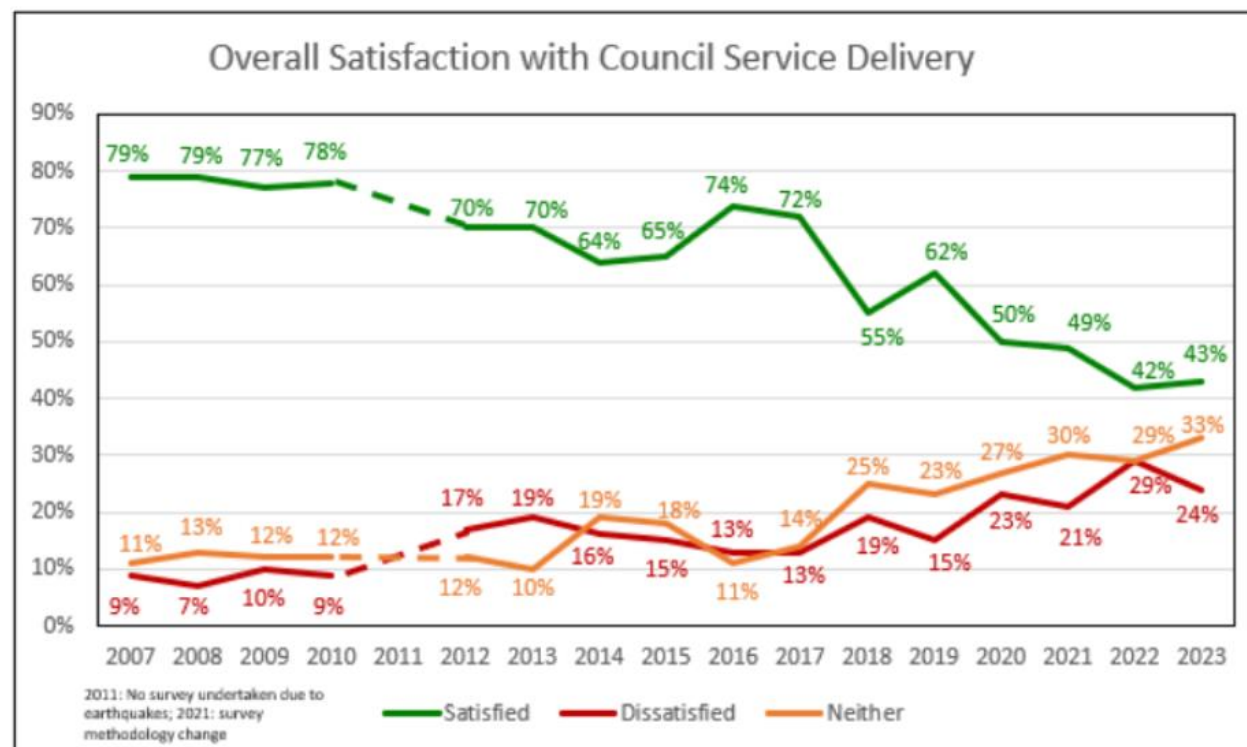
- **Roding:** uneven surfaces and potholes not being fixed properly, constant patch repairs, disruption caused by road works, cycle lanes at expense of other roading issues and impact on traffic flow and parking. Same as last year
- **Council decision making / financial management:** disapproval of spending decisions, not listening to resident needs and priorities

Overall Organisation Service Performance


 **Dissatisfaction
down compared to
last year**

Measured via General Service Satisfaction Survey

43% satisfied: consistent with last year



Overall Organisation Service Performance

 **Happiness with services provided has increased compared to last year**

Why satisfied? (233 comments)

- **Council doing a good job overall** (16% of all comments; 2022: 17%)
- **More are happy with services provided** (11% of all comments; 2022: 4%)



Why dissatisfied? (854 comments)

- **Unhappiness with roads / road maintenance** (17% of all comments; 2022: 15%)
- **Disapprove of Council spending** (16% of all comments; 2022: 14%)



Less likely to be satisfied: Pacific Peoples (27%); Māori (34%); 25-49 year olds (41%) & 50-64 year olds (41%)

Reputation and Trust

14 measures of reputation and trust (just over 1,000 respondents)

Reputation and Trust Average	2022-2023	
Sentiment	Number	Percent
Strongly Agree / Very Satisfied	432	4%
Agree / Satisfied	2,857	24%
Neither	4,091	34%
Disagree / Dissatisfied	3,103	25%
Strongly Disagree / Very Dissatisfied	1,603	13%
TOTAL	12,086	100%

 **Reputation and trust are a challenge**



Average **positive** rating: **28%** (only **4%** **very positive**)

Average **negative** rating: **38%** (**13%** **very negative**)

Reputation and Trust

 **Lowest scoring: Council makes wise spending decisions; value for ratepayers' money; Council communicates clearly how views have informed decisions; not dissimilar to some other big councils; some scores are better**

Reputation and Trust Measures	Agree/Satisfied	
	Number	Percent
The Council honours the principles of the Treaty of Waitangi	292	38%
Council managers and staff are doing a good job	252	34%
The Council makes decisions in best interests of City (residents)	334	33%
The Council communicates clearly with residents the results of Council decisions	238	32%
The Council is accountable for what it does	230	30%
The leadership of the Mayor and Councillors	222	30%
The Council acts with integrity and honesty	222	29%
The Council has a good reputation	221	29%
The Council can be trusted	285	28%
The Council is open and transparent	244	24%
The Council understands the needs of residents and what they care about	237	24%
The Council communicates clearly with residents about how their views have informed Council decisions	215	22%
The Council provides good value for ratepayers' money	149	20%
The Council makes wise spending decisions	148	15%

Concluding Observations

Some mixed results but notable improvements:

- More services met their targets
- More improved their satisfaction scores
- Overall satisfaction hasn't increased but decreased dissatisfaction and greater happiness with services provided
- Reputation and trust remain a challenge: lagging behind improvements in services; resident concerns impacting perceptions of organisation as a whole



Residents continue to expect more from Council: key infrastructure service delivery; judging us poorly on how we make spending decisions and on our ability to demonstrate how decisions have taken resident views and priorities into account

Some improvement areas (eg. roads) tend to be aspects of Council activity that require significant expenditure to address;
managing expectations important

Questions

Shovel Ready Funding Shortfall – Major Cycleway Routes

Council Meeting 31 May 2023

Nature of Decision

This report is to update the Finance and Performance Committee on the latest status of the Shovel Ready funded projects and seeks a decision regarding extra funding to complete the projects

The projects affected are:

- Major Cycleway – South Express Route
- Major Cycleway – Nor'west Arc Route
- Major Cycleway – Northern Line
- Major Cycleway – Heathcote Expressway



This report follows a briefing to Council on 16 May 2023.

Shovel Ready Background

Shovel Ready applications

- Requested in April 2020 - Covid lockdown
- Extremely tight time frames for submissions
- Transport initially submitted 5 projects
 - 2 x MCR projects
 - 3 x roading projects (all declined)
- 3 further MCR projects applied at request of government

Confidence in estimates

- Low level of design
- Staff suddenly working from home - poor access to information
- Interfaces with third-parties not fully understood
- No detailed risk assessments

Shovel Ready Agreement

- Shovel Ready agreement is between Christchurch City Council and Rau Paenga (formally Ōtākaro).
 - CCC must deliver the project as agreed
 - CCC are responsible for all cost overruns and shortfalls, and must demonstrate that funds are available
 - If this does not happen, they reserve the right to:
 - Suspend funding
 - Terminate the agreement and recover money paid out
 - Complete the works themselves, and charge Council the costs

Key Reasons and Risks

Main shortfall causes are:

- Inflation: Most indices put this at around 19% between 2020 & 2023 – far above Council's expected rate
- KiwiRail interfaces: Cost and timeframe uncertainty
- Site-based factors: These are standard factors – ground conditions, utilities,

Risks of non completion:

- Legal implications relating to Rau Paenga agreement
- Gaps in an incomplete cycle network
- Safety hazards left unaddressed, particularly at level crossings
- Increased cost to complete the works at a later date

Funding Request Summary

Additional funding of **\$25 Million** as part of the 2024/34 Long Term Plan.

Project shortfall breakdown:

- Major Cycleway – South Express - **\$6.7 Million**
- Major Cycleway – Nor’West Arc - **\$6.0 Million**
- Major Cycleway – Northern Line - **\$10.3 Million** (inc. rail crossings)
- Major Cycleway – Heathcote Expressway - **\$2.0 Million**

Funding notes:

- No additional funding asked for in current Annual Plan
- All remaining works are being reviewed by an independent quantity surveyor
- Project teams have worked through current estimates and risk assessments to gain as much certainty as possible regarding the amounts required to complete each route.

Alternative Options Considered

Additional funding as part of the Annual Plan process

- Lack of confidence in current forecasts to complete
- Designs, and delivery costs and timeframes, for KiwiRail components are not fully agreed
- This would be strictly in accordance with the terms of the funding agreement

Cancel remaining work once existing budgets are exhausted

- Gaps in the Major Cycleway network, particularly at high-risk rail crossings
- Could be pursued once the results of the quantity surveyors cost estimate review has been received and considered
- Would require discussion with Rau Paenga regarding the conditions of the shovel ready funding agreement

Questions



Summary of project

South Express is a 15km Major Cycle Route from Old Blenheim Road to Templeton, where it will link to a cycleway built by Selwyn District Council. It also joins Nor' West Arc and Northern Line MCRs, and links eleven schools, passes through reserves and includes the upgrade of a KiwiRail level crossing. Shovel ready funding is to complete the sections from Craven Street to Templeton.

What's been built?

Physical works for Section 3 and a portion of Section 2 are complete creating an uninterrupted cycle route between Hagley Park and Middlepark Road. Sections of the route have been built further west of the city accounting for about 60% of the total route.

What's left?

Contractors are remobilising to complete construction in parks, in transmission corridor (by Riccarton Racecourse), and to install crossings at Racecourse Road and Carmen Road. This work is anticipated to be complete early 2024.

There are three contracts still to be tendered, to complete work along Waterloo Road towards Templeton, including the realignment of the Gilberthorpes /Waterloo / Parker and Moffett St intersection and upgrade of the KiwiRail level crossing at Parker Street. Construction is also due in the KiwiRail corridor along Waterloo and Jones Roads.

A small section of the works is planned to be completed under the Halswell Junction Road contract.

South Express Major Cycleway Route

Funding

Item	Shovel Ready Budget	Council Budget	Forecast Cost	Budget Shortfall
Section 1	\$22,200,000	\$ 2,635,649	\$16,077,053	\$6,700,502
Section 2			\$14,959,098	
Section 3*		\$17,478,249	\$17,978,249	
Programme				\$ 0
Overall	\$22,200,000	\$20,113,898	\$49,014,400	\$6,700,502

*NZTA/CCC cost split using standard NLTF subsidy.

Why has the cost increase come now?

- Section 2 repricing of reserves and crossings received from contractor.
- Tendered prices for Halswell Junction Road interface received.
- Design completion on majority of Section 3.
- Received updated KiwiRail costs for Parker Street crossing upgrade design (does not include construction).

Reason for the additional cost increase

- Construction estimate increase - **\$3.7M**
- KiwiRail estimate increases - **\$3M**

Incidental cost increases have been incurred by time delays and the projects past experience has led to a proposed increased contingency to recognise ongoing inflation risks for significant works not yet tendered.

What can be built for the current budget?

- All remaining works from Middlepark Road to Hei Hei Road.
- All remaining works from Waterloo Road/Fulham St to Barbers Road, including along Kyle Park, and the MCR element of Halswell Junction Road realignment.

What can't be built with the current budget?

- Gilberthorpes /Waterloo / Parker and Moffett St intersection including a KiwiRail level crossing upgrade.
- Waterloo Road from Barbers Road, Railway Terrace and Jones Road.

Funds needed to build in the next 12 months

- \$0

Risks

- KiwiRail cost estimates have traditionally been low.
- State Highway interface.
- Potential contamination along Kyle Park.
- Significant sections not yet tendered, and future inflation unknown.
- High public interest in intersection of rail crossing/Parker/Gilberthorpes/Waterloo.

Lessons learnt

- KiwiRail interfaces require more budget and time than originally anticipated.
 - Allow appropriate design and construction time for KiwiRail services.
 - Conduct ECI/Investigation in KiwiRail land at the earliest opportunity to refine design and construction methodology.



Nor' West Arc Major Cycleway Route

Summary of project

Nor' West Arc is a 12km Major Cycle Route from Princess Margaret Hospital in Cashmere to Harewood Road in Papanui. It also joins South Express, Uni-cycle, and Little River Link MCRs, and the proposed future Wheels to Wings and Opawaho River MCRs. It passes by a number of schools, the University of Canterbury, and crosses the Southern Motorway via an underpass, and KiwiRail via a crossing on Annex Road. Shovel ready funding is to complete Annex Road, the intersection at Ilam, Riccarton and Middleton Roads, and the final section from the University to Harewood Road.

What's been built?

Cashmere Road to Wigram Road, and Blenheim Road to the University.

What's left?

- Section from the University of Canterbury to Harewood Road (3.9km) – This follows Ilam Road to Aorangi Road and then goes through Condell Avenue and Matsons Avenue before concluding at Harewood Road. This section of the cycleway passes through Memorial Avenue intersection, past Jellie Park, Burnside Primary School, Cobham Intermediate School, through the Wairakei Road intersection and Allenvale School. Complementary to this, the deep dish kerbs on the eastern side of Aorangi Road and Matsons Ave will be replaced.
- Annex Road from Wigram Road to Blenheim Road.

Funding

Item	Shovel Ready Budget	Council Budget	Forecast Cost	Budget Shortfall
Nor' West Arc-S1*		\$11,034,092	\$11,027,059	-\$7,033
Nor' West Arc-S2*		\$8,843,689	\$8,843,689	\$0
Nor' West Arc-S3			\$22,532,273	
Annex Road (Birmingham to Wrights)	\$17,800,000	\$5,712,692	\$7,112,632	\$7,349,537
Intersection: Ilam, Middleton, Riccarton			\$1,217,324	
Programme		\$1,999,909		-\$1,999,909
Aorangi & Matson Kerb Renewal*		\$1,400,000	\$2,000,000	\$600,000
Overall	\$17,800,000	\$28,990,382	\$52,732,977	\$5,942,595

*NZTA/CCC cost split using standard NLTF subsidy.

Why has the cost increase come now?

- The original high level base estimate was established in May 2021 with a number of assumptions on things such as coal tar and methodologies; and used rates based on previously completed sections of the cycleway.
- Since the previous estimate investigations have helped inform the detail and the previous assumptions clarified and costed. Additional current markets rates have been applied and escalation accounted for.
- ECI is currently underway for the whole route and contractor pricing is expected to be received in the coming months.

Reason for the additional cost increase

- Construction cost estimate increases = **\$3.0M**
- Extended design period, MSQA and Project Management fees = **\$1.4M**
- Escalation due to inflation = **\$1.6M**

What can be built for the current budget?

- Section 3A - Ilam Road from University to Aorangi Road.
- Section 3B1 - Aorangi Road to, and including, Wairakei Road intersection.

What can't be built with the current budget?

- Section 3B2 - Remainder of Aorangi Road, Condell Ave and Matsons Ave.

Funds needed to build in the next 12 months

- \$0

Risks

- Contractor prices come in higher than estimates.
- Undetected service clashes.
- Coal tar - Particularly in Section 3B.

Lessons learnt

- ECI investigations are underway to reduce risk and prior to contractor pricing.
- TMP to be approved prior to contractor pricing.
- Increasing the road surface/pavement tie in to avoid future wheel track damage.



Summary of project

Northern Line is a Major Cycleway Route that mostly follows the KiwiRail route from Old Blenheim Road to Belfast, via Papanui. This also joins the South Express, Uni-Cycle, Nor' West Arc, and Papanui Parallel MCRs, and the proposed Wheels to Wings MCR. The shovel ready funding is to construct the missing cycleway sections between Tuckers Road and Main North Road, Old Blenheim Road to Kilmarnock Street, and the upgrade of nine intersections along the route.

What's been built?

Barnes Reserve, Main North Rd Cycleway from Styx Mill Intersection to Northwood Boulevard, Restell Street connection and the culvert extension enabling works at Tuckers Rd and Barnes Rd intersections.

What's left?

- Cycleway sections between Tuckers Rd to Sturrocks Rd and Barnes Rd to Main North Rd including the upgrade of the three intersections at Tuckers Rd, Sturrocks Rd and Barnes Rd. This is mostly in the KiwiRail corridor. This is ready to start construction and has some KiwiRail dependencies.
- Intersections – crossing upgrades of Sawyers Arms Rd, Langdons Rd, Harewood Rd, Kilmarnock Street, Riccarton Rd and Old Blenheim Rd. Council and KiwiRail are working on a programme for delivery.
- Cycleway in the KiwiRail corridor from Old Blenheim Rd to Kilmarnock Street.

Northern Line Major Cycleway Route

Funding

Item	Shovel Ready Budget	Council Budget	Forecast Cost	Budget Shortfall
Northern Line	\$14,170,791	\$3,864,139	\$34,654,164	
Programme		\$2,149,924		\$10,316,511
Requested in Draft Annual Plan		\$4,152,799		
Overall	\$14,170,791	\$10,166,862	\$34,654,164	\$10,316,511

Why has the cost increase come now?

- The first cost estimate revision since the shovel ready budget was established in mid-2020.
- Extra KiwiRail scope (gates) = **\$2.3M**
- Project delays due to prolonged KiwiRail processes resulted in an expected construction cost increase due to inflation = **\$1.9M**

Reason for the additional cost increase

- Retaining wall design revision = **\$1.6M**
- Revised KiwiRail construction cost estimates from consultant (No KiwiRail cost estimates direct despite multiple attempts) = **\$8M**
- Further construction cost increases due to inflation = **\$0.6M**

What can be built for the current budget?

- The cycleway from Tuckers Rd to Main North Rd including the upgrade of the three intersections at Tuckers Rd, Sturrocks Rd and Barnes Rd.

What can't be built with the current budget?

- Additional \$6.3M would be required to build the six crossing upgrades at Sawyers Arms Rd, Langdons Rd, Harewood Rd, Kilmarnock Street, Riccarton Rd and Old Blenheim Rd.
- Additional \$4M required to build the cycleway link between Kilmarnock and Old Blenheim Road.

Funds needed to build in the next 12 months

- N/A

Risks

- KiwiRail cost estimates may be higher than consultant's estimates.
- Untendered works at risk of further escalation.

Lessons learnt

- KiwiRail interfaces require more budget and time than originally anticipated.
 - Allow appropriate design and construction time for KiwiRail services.
 - Conduct ECI/Investigation in KiwiRail land at the earliest opportunity to refine design and construction methodology.



Summary of project

The Heathcote Expressway runs from the central city at Ferry Road to Heathcote via Lancaster Park and the Tannery, and provides links to Woolston. It will join the proposed Ōpāwaho River Route. Shovel ready funding is to complete the section from the Tannery, past Ferrymead Heritage Park, and on to Martindales Road in Heathcote, and includes a section in Waka Kotahi land adjacent to Tunnel Road, a level crossing upgrade at Scruttons Road, and a new level crossing of the Heritage Park's track.

What's been built?

- The first contract – from the Tannery to Kennaway Reserve – is 95% complete. Site works are expected to be complete May 2023.
- The second contract – from Kennaway Reserve to Martindales Road – is 50% completed. Expected completion is August 2023.

What's left?

- Completion of ongoing works, including the link from Vaila Place to the section by State Highway 74 and the link from Scruttons to the Heritage Park rail crossing. Completion of works on Truscotts Road. Sealing and lighting to be done across much of the second contract.
- Level crossing upgrades at Scruttons Road – current KiwiRail forecast is for late 2024/early 2025.

Heathcote Expressway Major Cycleway Route

Funding

Item	Shovel Ready Budget	Council Budget	Forecast Cost	Budget Shortfall
Section 1*		\$17,390,962	\$17,390,962	
Section 2	\$8,200,000	\$7,055,117	\$17,255,117	
Programme		\$0		\$2,000,000
Overall	\$8,200,000	\$24,446,079	\$34,646,079	\$2,000,000

*NZTA/CCC cost split using standard NLTF subsidy.

Why has the cost increase come now?

- As the project is progressing, greater confidence in contractor final outturn costs.
- A recent cost estimate from KiwiRail has been received.

Reason for the additional cost increase

- KiwiRail estimate increases, plus contingency added based on knowledge elsewhere = **\$1M**
- Contractor delayed start due to contract agreement and resource consents resulted in higher than anticipated inflation = **\$0.6M**
- Some minor contract variations as work has progressed = **\$0.4M**

What can be built for the current budget?

- All current ongoing works.

What can't be built with the current budget?

- Scruttons Road railway crossing.

Funds needed to build in the next 12 months

- \$0

Risks

- KiwiRail cost estimates may be higher than consultant's estimates.
- Safety risks to the public where the work are incomplete.

Lessons learnt

- KiwiRail interfaces require more budget and time than originally anticipated.
 - Allow appropriate design and construction time for KiwiRail services.
 - Conduct ECI/Investigation in KiwiRail land at the earliest opportunity to refine design and construction methodology.