

Council Information Session/Workshop
NOTES ATTACHMENTS

Date: Tuesday 24 September 2024
Time: 9.30 am - 12.30 pm
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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Annual Plan 2025-2026 Briefing

Tuesday 24th September 2024

Purpose of an Annual Plan

The CE and staff have briefed councillors on the options for next plan.

- There was strong support for a reasonably light Annual Plan process, not amended LTP.
- Purpose of an AP is to update specific parts of the LTP (ie where funding or other factors have changed), not rethink the LTP.
- Project milestones and process have been drafted accordingly.

Updated Briefing Dates

24 Sept: Purpose of Annual Plan, Financial overview, briefing dates

1 October: Miscellaneous issues, Parks, Three Waters

15 October: Parks, Three Waters, Transport

22 October: Financial overview. Transport

29 October: Financial overview. Transport

November-mid December: weekly briefings on overall Annual Plan

13 February – adopt Draft AP

March – consultation

1-14 May – Hearings

19-30 May - Briefings

26 June – adopt final AP.

Financial Overview

Inflation – BERL assumptions: indicative

Opex	2025/26	2026/27	2027/28
LTP 2024-34	2.9%	2.2%	2.3%
BERL interim inflation update	1.2%	1.1%	1.2%
Current base assumption	4.1%	3.3%	3.5%
Waters maintenance	5.0%		

Capex	2025/26	2026/27	2027/28
LTP 2024-34	3.4%	2.3%	2.4%
BERL interim inflation update	1.0%	1.6%	1.2%
Current base assumption	4.4%	3.9%	3.6%
Waters	7.0%		

Base assumptions are modified for specific expenses where more accurate information is known.
Inflation on capex is only applied when project contract prices have not been locked in.

BERL CPI forecast	2.2%	2.1%	2.0%
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Capex

\$m	2025/26	2026/27	2027/28
LTP 2024-34 Core	610.2	667.5	658.6
Te Kaha	95.6	18.1	
LTP 2024-34 Total	705.8	685.6	658.6
BERL interim inflation update	3.4	9.4	20.6
23/24 Capex carry forwards	36.3	-5.5	-11.4
LTP actions c/f	4.5	12.5	20.4
Current position	750.0	702.0	688.2
Rates impact change from LTP	0.12%	0.36%	0.13%

Rates impact is largely driven by 23/24 carryforwards into 25/26 without substitution.

Rates: base adjustments - indicative

	2025/26	2026/27	2027/28
LTP 2024-34	8.45%	5.80%	5.88%
BERL interim inflation update – upside risk remains	1.10%	0.84%	1.06%
23/24 Capex carry forwards	0.10%	0.25%	-0.10%
LTP actions c/f	0.08%	0.01%	0.19%
Current position – unadjusted (rounded)	9.73%	6.9%	7.0%
Comprising:			
Base	7.98%	6.4%	7.4%
Te Kaha	1.75%	0.5%	-0.4%

No specific opex changes incorporated yet.

The 25/26 opex budget build is due for completion in mid-October.

Staff to look at options to mitigate external drivers of post LTP rate increases

Debt and Interest

- Existing debt is likely to be slightly lower than LTP, partly due to 23/24 surplus allocated to debt repayment.
- Lower market interest rates will NOT impact LTP projections – already modelled
- Credit margins on debt will be higher than LTP assumptions:
- Council borrowing costs are likely to average around 4.9%-5.0% over the long term (including credit margins & hedging costs).

Work in progress issues

- Electricity contract renewal Sept 2025 – forecasting likely pricing
- Wage and remuneration movements
- Contract pricing reviews

Next Steps

Next steps

- Communicate detailed AP project plan to Council, staff
- Operational budget reviews underway
- Further follow up on actions carried over from LTP
- Preparation of materials for Parks, Transport, Three Waters briefings