

## **Audit and Risk Management Committee**

### **AGENDA**

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#### **Notice of Meeting:**

An ordinary meeting of the Audit and Risk Management Committee will be held on:

**Date:** Monday 10 February 2025  
**Time:** 9.30 am  
**Venue:** Council Chambers, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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#### **Membership**

Chairperson	Mr Bruce Robertson
Deputy Chairperson	Councillor Jake McLellan
Members	Councillor Tyrone Fields Councillor Sam MacDonald Councillor Tim Scandrett Mrs Hilary Walton Mr Michael Wilkes

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**4 February 2025**

#### **Principal Advisor**

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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# What is important to us?

Our Strategic Framework is a big picture view of what the Council is aiming to achieve for our community

## Our focus this Council term 2022–2025

### Strategic Priorities



Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.



Champion Ōtautahi-Christchurch and collaborate to build our role as a leading New Zealand city.



Build trust and confidence in the Council through meaningful partnerships and communication, listening to and working with residents.

Adopted by the Council on 5 April 2023



Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, water bodies and tree canopy.



Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.



Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

## Our goals for this Long Term Plan 2024–2034

### Draft Community Outcomes



**Collaborative and confident**  
Our residents have the opportunity to actively participate in community and city life, have a strong sense of belonging and identity, and feel safe.



**Green and liveable**  
Our neighbourhoods and communities are accessible and well connected, supporting our goals to reduce emissions, build climate resilience and protect and regenerate the environment, especially our biodiversity, water bodies and tree canopy.

To be adopted by the Council as part of the Long Term Plan 2024–2034



**A cultural powerhouse**  
Our diverse communities are supported to understand and protect their heritage, pursue their arts, cultural and sporting interests, and contribute to making our city a creative, cultural and events 'powerhouse'.



**Thriving and prosperous**  
Our city is a great place for people, business and investment where we can all grow our potential, where enterprises are innovative and smart, and where together we raise productivity and reduce emissions.

## Our intergenerational vision

A place of opportunity for all.

Open to new ideas, new people,  
new investment and new ways  
of doing things – a place where  
anything is possible.



Ngāi Tahu has rangatiratanga over its takiwā – the Council is committed to partnering with Ngāi Tahu to achieve meaningful outcomes that benefit the whole community

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**AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE NGĀ ĀRAHINA MAHINGA**

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<b>Chair</b>	Mr Bruce Robertson
<b>Deputy Chair</b>	Councillor McLellan
<b>Membership</b>	Councillor Fields Councillor MacDonald Councillor Scandrett External Members: Mrs Hilary Walton Mr Michael Wilkes
<b>Quorum</b>	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd.
<b>Meeting Cycle</b>	Quarterly and as required
<b>Reports To</b>	Council

***Purpose***

To assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices;
- internal and external audit;
- accounting policy and practice;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities; and
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

The foundations on which this Committee operates, and as reflected in this Terms of Reference, includes: independence; clarity of purpose; competence; open and effective relationships and no surprises approach.

***Procedure***

- In order to give effect to its advice the Committee should make recommendations to the Council and to Management.
- The Committee should meet the internal and the external auditors without Management present as a standing agenda item at each meeting where external reporting is approved, and at other meetings if requested by any of the parties.
- The external auditors, the internal audit manager and the co-sourced internal audit firm should meet outside of formal meetings as appropriate with the Committee Chair.
- The Committee Chair will meet with relevant members of Management before each Committee meeting and at other times as required.

## ***Responsibilities***

### Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation should it be required.
- Seek confirmation annually and as necessary from internal and external auditors, attending Councillors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

### Risk Management

- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- Assist the Council to determine its appetite for risk.
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by management to treat Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework.
- Consider emerging significant risks and report these to Council where appropriate.

### Internal Audit

- Review and approve the annual internal audit plan, such plan to be based on the Council's risk framework. Monitor performance against the plan at each regular quarterly meeting.
- Monitor all internal audit reports and the adequacy of management's response to internal audit recommendations.
- Review six monthly fraud reporting and confirm fraud issues are disclosed to the external auditor.
- Provide a functional reporting line for internal audit and ensure objectivity of internal audit.
- Oversee and monitor the performance and independence of internal auditors, both internal and co-sourced. Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function.
- Monitor compliance with the delegations policy.

### External Reporting and Accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as appropriate.
- Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting.
- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released, make recommendations to Management.
- Consider the underlying quality of the external financial reporting, changes in accounting policy and practice, any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices and any significant disagreements between Management and the external auditors, the propriety of any related party transactions and compliance with applicable New Zealand and international accounting standards and legislative requirements.

- Consider whether the external reporting is consistent with Committee members' information and knowledge and whether it is adequate for stakeholder needs.
- Recommend to Council the adoption of the Financial Statements and Reports and the Statement of Service Performance and the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive.
- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including certification from the Chief Executive, the Chief Financial Officer and the General Manager Corporate Services that risk management and internal control systems are operating effectively;
- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

#### External Audit

- Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. Including the adequacy of the nature and scope of the audit, and the timetable and fees.
- Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.
- The external audit reporting should describe: Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings, all relationships between the Council and the external auditor, Critical accounting policies used by Council, alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
- Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and NZ Auditing Standards.

Compliance with Legislation, Standards and Best Practice Guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

Appointment of Independent Members

- Identify skills required for Independent Members of the Audit and Risk Management Committee. Appointment panels will include the Mayor or Deputy Mayor, Chair of Finance & Performance Committee and Chair of Audit & Risk Management Committee. Council approval is required for all Independent Member appointments.
- The term of the Independent members should be for three years. (It is recommended that the term for independent members begins on 1 April following the Triennial elections and ends 31 March three years later. Note the term being from April to March provides continuity for the committee over the initial months of a new Council.)
- Independent members are eligible for re-appointment to a maximum of two terms. By exception the Council may approve a third term to ensure continuity of knowledge.

***Long Term Plan Activities***

- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.

## Audit and Risk Management Committee Forward Work Programme 2025

2025	Feb 10	Apr 4	Jun 17	Aug 15	Annual Report Oct 6	Dec
<b>Update Reports</b>	<ul style="list-style-type: none"> <li>• Risk and Assurance</li> <li>• Cyber Security Report</li> <li>• Parakiore Update</li> </ul>	<ul style="list-style-type: none"> <li>• Risk and Assurance</li> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Risk and Assurance</li> </ul>	<ul style="list-style-type: none"> <li>• Risk and Assurance</li> <li>• Procurement</li> <li>• Cyber Security</li> </ul>		<ul style="list-style-type: none"> <li>• Risk and Assurance</li> <li>• Procurement</li> <li>• Health, Safety &amp; Wellbeing</li> </ul>
<b>Other Reports</b>	<ul style="list-style-type: none"> <li>• Insurance Update</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Kiwi Rail Update</li> <li>• Te Kaha Update</li> </ul>			<ul style="list-style-type: none"> <li>• Kiwi Rail Update</li> </ul>
<b>Annual Report</b>	<ul style="list-style-type: none"> <li>• Audit Management Report 2024</li> </ul>	<ul style="list-style-type: none"> <li>• External Reporting and Audit Programme for 2022/23 Update</li> </ul>	<ul style="list-style-type: none"> <li>• External Reporting and Audit Programme Update</li> <li>• Audit NZ Management Letter for current year interim audit</li> </ul>	<ul style="list-style-type: none"> <li>• Update on critical judgments, estimates &amp; assumptions</li> <li>• Financial Statements Update - Valuations</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Statements and Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Audit NZ Management Letter from prior year's audit</li> </ul>
<b>Annual Plan</b>	<ul style="list-style-type: none"> <li>• Draft Annual Plan</li> </ul>		<ul style="list-style-type: none"> <li>• Final Annual Plan</li> </ul>			

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Part A	Matters Requiring a Council Decision
Part B	Reports for Information
Part C	Decisions Under Delegation

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## TABLE OF CONTENTS NGĀ IHIRANGI

C	1.	Apologies Ngā Whakapāha .....	9
B	2.	Declarations of Interest Ngā Whakapuaki Aronga .....	9
C	3.	Confirmation of Previous Minutes Te Whakaāe o te hui o mua .....	9
B	4.	Public Forum Te Huinga Whānui .....	9
B	5.	Deputations by Appointment Ngā Huinga Whakaritenga.....	9
B	6.	Presentation of Petitions Ngā Pākikitanga .....	9

## STAFF REPORTS

C	7.	Consideration of the Council's Draft Annual Plan 2025/26 .....	13
C	8.	Resolution to Exclude the Public.....	52

### **1. Apologies Ngā Whakapāha**

Apologies will be recorded at the meeting.

### **2. Declarations of Interest Ngā Whakapuaki Aronga**

Members are reminded of the need to be vigilant and to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

### **3. Confirmation of Previous Minutes Te Whakaāe o te hui o mua**

That the minutes of the Audit and Risk Management Committee meeting held on [Friday, 6 December 2024](#) be confirmed (refer page 10).

### **4. Public Forum Te Huinga Whānui**

A period of up to 30 minutes may be available for people to speak for up to five minutes on any issue that is not the subject of a separate hearing process.

Public Forum presentations will be recorded in the meeting minutes

### **5. Deputations by Appointment Ngā Huinga Whakaritenga**

Deputations will be recorded in the meeting minutes.

### **6. Petitions Ngā Pākikitanga**

There were no petitions received at the time the agenda was prepared.

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## Audit and Risk Management Committee

### OPEN MINUTES

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**Date:** Friday 6 December 2024  
**Time:** 9.32am  
**Venue:** Council Chambers, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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**Present**

Chairperson Mr Bruce Robertson  
Members Councillor Sam MacDonald  
Councillor Tim Scandrett  
Mrs Hilary Walton  
Mr Michael Wilkes

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**Principal Advisor**  
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- Part A** Matters Requiring a Council Decision  
**Part B** Reports for Information  
**Part C** Decisions Under Delegation
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The agenda was dealt with in the following order.

**1. Apologies Ngā Whakapāha**

**Part C**

**Committee Resolved ARCM/2024/00029**

That the apologies from Councillor Fields and Councillor McLellan for absence be accepted.

Mr Robertson/Councillor Scandrett

Carried

**2. Declarations of Interest Ngā Whakapuaki Aronga**

**Part B**

There were no declarations of interest recorded.

**3. Confirmation of Previous Minutes Te Whakaāe o te hui o mua**

**Part C**

**Committee Resolved ARCM/2024/00030**

That the minutes of the Audit and Risk Management Committee meeting held on Thursday, 17 October 2024 be confirmed.

Mr Robertson/Mr Wilkes

Carried

**4. Public Forum Te Huinga Whānui**

**Part B**

There were no public forum presentations.

**5. Deputations by Appointment Ngā Huinga Whakaritenga**

**Part B**

There were no deputations by appointment.

**6. Presentation of Petitions Ngā Pākikitanga**

**Part B**

There was no presentation of petitions.

**7. Procurement & Contracts FY25 Q1**  
**Committee Resolved ARCM/2024/00031**

**Officer Recommendation accepted without change**

**Part C**

That the Audit and Risk Management Committee:

1. Receive the information in the Procurement & Contracts FY25 Q1 Report.

Mr Robertson/Councillor Scandrett

Carried

**8. Resolution to Exclude the Public Te whakataunga kaupare hunga tūmatanui**  
**Committee Resolved ARCM/2024/00032**

**Part C**

That Chantelle Gernetzky of Audit New Zealand remain after the public have been excluded for Items 9 to 12 in the public excluded agenda as they have knowledge that is relevant to those Items and will assist the Council.

**AND**

That at 9.44am the resolution to exclude the public set out on pages 19 to 21 of the agenda be adopted.

Mr Robertson/Councillor MacDonald

Carried

**The public were re-admitted to the meeting at 11.16am.**

**Meeting concluded at 11.17am.**

**CONFIRMED THIS 10<sup>th</sup> DAY OF FEBRUARY 2025**

**BRUCE ROBERTSON**  
**CHAIRPERSON**

## 7. Consideration of the Council's Draft Annual Plan 2025/26

Reference Te Tohutoro: 24/2209871

Responsible Officer(s) Te Peter Ryan, Head of Corporate Planning & Performance

Pou Matua: Peter.Ryan@ccc.govt.nz

Accountable ELT Bede Carran, General Manager Finance, Risk & Performance / Chief

Member Pouwhakarae: Financial Officer

### 1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 Under their Terms of Reference, Audit and Risk Management Committee considers and reviews the Long Term and Annual Plans before adoption by the Council.
- 1.2 The purpose of this report is to enable the Audit and Risk Management Committee to review the process for preparation of the Draft Annual Plan 2025/26.
- 1.3 The Council is required to prepare and adopt a Draft Annual Plan for each financial year (s.95(1)) Local Government Act 2002). The purpose of the plan is to:
  - 1.3.1 contain the proposed annual budget and funding impact statement for 2025/26;
  - 1.3.2 identify any variation from the financial statements and funding impact statement in the Council's Long Term Plan for 2025/26;
  - 1.3.3 provide integrated decision-making and co-ordination of the Council's resources; and
  - 1.3.4 contribute to the accountability of the Council to the community.
- 1.4 The decisions in this report are not of high significance in relation to the Christchurch City Council's Significance and Engagement Policy. This is largely as it reports on the process for development of the Annual Plan. It is important to distinguish between a review of the process for development of the Draft Annual Plan and the Draft Annual Plan itself. The Council's Draft Annual Plan 2025/26 is of high significance as it contains information that varies to some degree from the information contained in the Long Term Plan 2024-34 (LTP) for that year. Individually, these changes may not be regarded as being significant or material, collectively they are considered significant and as such Council will consult on its Draft Annual Plan.

### 2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the information in the Consideration of the Council's Draft Annual Plan 2025/26 Report.
2. Notes that it has reviewed the general checklists and sign-offs by management, including Significant Forecasting Assumptions, in respect of the information that provides the basis for the Draft Annual Plan 2025/26.
3. Advises the Council that in the Committee's opinion, an appropriate process has been followed in the preparation of the information that provides the basis for the Draft Annual Plan 2025/26.
4. Notes that the Draft Annual Plan 2025/26 will be released when it is published in the Council Agenda for its meeting commencing 12 February 2025.

### **3. Background/Context Te Horopaki**

- 3.1 The purpose of this report is to enable the Audit and Risk Management Committee to review the process for preparation of the Draft Annual Plan 2025/26.
- 3.2 The LTP was approved by Council in June 2024. That approval followed a comprehensive process that reviewed operational expenditure, levels of service and the capital programme in a highly detailed way.
- 3.3 The purpose of the Draft Annual Plan 2025/26 is to identify any changes that need to be made to the LTP to keep it current. The draft Annual Plan has been developed from the information contained in the LTP for the 2025/26 financial year, as well as recent guidance from the Mayor and Councillors.
- 3.4 As the draft Annual Plan evolved between August 2024 and December 2024, council staff held a series of workshops with the Mayor and Councillors to obtain overall guidance on what to include in the Draft Annual Plan and to update specific details with current information. The workshops included open (public and live-streamed) and public-excluded briefings on the following dates: 27 August, 24 September, 1 October, 15 October, 22 October, 29 October, 5 November, 12 November, 19 November, and 26 November 2024.
- 3.5 This approach (public and live-streamed briefings) followed feedback from similar public briefings held as part of the previous LTP development, and provides Councillors an opportunity to discuss Annual Plan choices and priorities in a public, non-decision-making setting. In addition, it provided opportunities for Councillors to discuss their expectations for matters such as rates increases and level of debt. The draft Annual Plan contains no significant changes to levels of service.
- 3.6 During these workshops, discussions and questions were considered relating to many factors relevant to the Annual Plan, including:
  - 3.6.1 The scope of the Annual Plan 2025/26.
  - 3.6.2 Actions that were carried over from the LTP that were to be considered as part of the Annual Plan 2025/26.
  - 3.6.3 The structure of the Capital Programme, particularly relating to the major infrastructure areas of Transport, Three Waters, and Parks.
  - 3.6.4 New financial information that came to hand during the development process, including:
    - Changes to revenue.
    - Increased staff costs.
    - Changes to insurance costs.
    - An insurance settlement resulting from the Wastewater Treatment Plant fire.
    - Changes to central government funding for infrastructure and cycleways.
    - New central government levies to fund the changes resulting from repeal of the Three Waters legislation.
    - Increased operational costs for several activities.
    - Changes in the BERL inflation forecasts.
  - 3.6.5 The likely quantum of rates rises for 2025/26.

- 3.6.6 Previous decisions by Council during the LTP and in previous years that had significantly increased rates for the 2025/26 year.
- 3.6.7 Potential financial methods (levers) for reducing rates increases.
- 3.6.8 The funding strategy for renewals.
- 3.6.9 Properties proposed for disposal.
- 3.7 During the development and workshop process, the Q+A Tool that was developed during the LTP was used to collate and respond to Councillor questions on the development of the Annual Plan. The tool is another mechanism that Councillors can utilise to contribute to the development of the Annual Plan.
- 3.7.1 Some 24 queries/questions were received from Councillors on the Annual Plan. All of these queries have been resolved/closed.
- 3.7.2 In comparison, during the period of the LTP development, several hundred questions were received from Councillors and responded to by staff.
- 3.8 A further Council meeting was held on 10 December 2024 to obtain clear direction on what to include in the Draft Annual Plan. At the 10 December meeting, the Council considered and made decisions on content to include in the Draft Annual Plan, including:
- 3.8.1 Rates increase of 8.93%, comprising 8.48% as per year 2 of the 2024-34 Long-Term Plan, a further 0.28% being Central Government imposed costs for water services regulators, and increased capacity to support amendments to the District Plan at a cost of \$1.125 million p.a.
- 3.8.2 The use of \$6 million of subvention receipts to reduce rates increases; and
- 3.8.3 The use of \$6 million of forecast current year (2024/25) operating surplus to reduce rates increases (\$3.35 million) and reduce debt (\$2.65 million).
- 3.8.4 Acknowledgement of a breach of the balanced budget financial prudence benchmark for 2025/26 (and 2026/27, as indicated in the LTP).
- 3.8.5 Inclusion of additional rating of \$5/10/15 million (plus inflation) over the next three years to enable the balanced budget prudence benchmark to be met by 2027/28. While the LTP showed the 2026/27 benchmark as not met, latest modelling shows that without this increase the next four years are at risk. The additional rates will be applied to funding asset renewals in lieu of borrowing to reduce interest and debt repayment costs. It should be noted that the benchmark is one of a number of regulatory measures that indicates financial prudence.
- 3.9 Council also decided that the following topics would be explored further/consulted upon as part of the Draft Annual Plan 2025/26 consultation process:
- Cathedral Targeted Rate - Given the situation with the Cathedral reconstruction, the draft Plan proposes pausing the collection of the remaining three years of the Cathedral targeted rate (a fixed charge of \$6.52 per annum). The existing ringfenced funds held will continue to earn interest in the interim. As previously advised, the community should be consulted about this proposed change.
  - Postponing the completion of the Wheels to Wings cycleway in favour of implementing selected portions of the project.
- 3.10 Having received this specific direction from Councillors, staff proceeded to build the report and attachments for the Draft Annual Plan 2025/26. The process for preparing this information has been the subject of a detailed series of management sign offs – including signoffs by

members of the Executive Leadership Team - that demonstrate compliance with the Council's statutory, financial, and legal obligations. The management process and significant assumptions checklists and sign-off schedules are attached to this report (refer **Attachments A and B**).

- 3.11 Current drafts of Council's Annual Plan adoption documents are in **Attachment C** (to be under separate cover and public-excluded until the Draft Annual Plan 2025/26 agenda to Council is released).
- 3.12 Staff do not anticipate any significant or material changes between the release of the ARMC agenda and attachments for this meeting of 10 February and the release of the Council Annual Plan agenda for their meeting of 12 February 2025.
- 3.13 Council will meet to consider and adopt the Draft Annual Plan on 12 February 2025, to be followed by community consultation. The Consultation Document is the primary mechanism for this and will reflect the decisions made on 12 February.
- 3.14 Consultation will include the traditional submissions process as well as feedback generated on social media. There will also be the opportunity for members of the community to present directly to Councillors. More information on the consultation process and timings is included in the Council report.

#### **4. Considerations Ngā Whai Whakaaro**

- 4.1 The Council is required to prepare and adopt a Draft Annual Plan for each financial year (s.95(1)) Local Government Act 2002).
- 4.2 This report supports the Council's Long Term Plan 2024-34:
  - 4.2.1 Activity: Performance Management and Reporting
    - Level of Service: 13.1.1 Implement the Long Term Plan and Annual Plan programme plan – ensure that critical path milestone due dates in programme plans are met.
- 4.3 This report is consistent with Council's Plans and Policies.
- 4.4 This report affects all wards and Community Board areas.
- 4.5 There is no legal context, issue or implication relevant to this decision, other than that which has been considered as part of the regular Annual Plan management process and sign-offs.
- 4.6 Risks have been identified and managed through the general checklists and sign-offs by management, including significant forecasting assumptions.

## Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A  	Significant Forecasting Assumptions for the Annual Plan 2025/26	25/179890	18
B  	Management Process Sign-offs for the Annual Plan 2025/26	25/179892	39
C	Draft Annual Plan 2025/26 Report 12 February 2025 (this attachment is to be public-excluded until after the publication of the Council Draft Annual Plan 2025/26 agenda) ( <i>Under Separate Cover</i> ) - <b>CONFIDENTIAL</b>	24/2254465	

Item 7

In addition to the attached documents, the following background information is available:

Document Name - Location / File Link
Not applicable

## Signatories Ngā Kaiwaitohu

<b>Authors</b>	Tim Ward - Senior Corporate Planning & Performance Analyst Boyd Kedzlie - Senior Corporate Planning & Performance Analyst
<b>Approved By</b>	Peter Ryan - Head of Corporate Planning & Performance Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer

Draft Annual Plan 2025/2026

# Significant Forecasting Assumptions Sign Offs

## **SIGN-OFF BY MANAGEMENT FOR SIGNIFICANT FORECASTING ASSUMPTIONS IN THE ANNUAL PLAN 2025/2026**

In preparing this Annual Plan (AP) it was necessary for Council to make a number of assumptions about the future. The following tables identify those forecasting assumptions which are significant in that if actual future events differ from the assumptions, it will result in material variances to this Plan. The table also identifies the risks that underlie those assumptions, the reason for that risk, and an estimate of the potential impact on the Plan if the assumption is not realised.

A number of assumptions have such a high level of uncertainty the financial impact of a change in the assumption is not able to be quantified. In these situations, a description of the impact has been provided.

## Forecasting Assumptions

Question	Comments	Sign Off
<p>Has management considered the level of uncertainty in each of the significant forecasting assumptions and risks?</p>	<p>Yes, referred back to significant forecasting assumptions in LTP (Vol 2, pages 87 – 102), and considered risk and level of uncertainty, mitigations, reasons and financial impact of uncertainty, no material or significant changes from the LTP, noting that as the AP is for one year, it generally allows for a higher level of confidence in rating the level of uncertainty.</p>	<p>CE <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/></p>
<p>Where levels of uncertainty are high then the AP must disclose:</p> <ul style="list-style-type: none"> <li>The fact of the uncertainty</li> <li>An estimate of the uncertainty on the financial estimate (Cl. 17, Sch. 10, LGA).</li> </ul>	<p>Nothing significant to report, noting that in the LTP the following were rated high for level of uncertainty: Assumption 3.7: F4LG in the LTP was rated as high, while acknowledging a number of areas of reform for the LG sector, it is not expected they will change significantly the levels of service, delivery model or cost within the 12-month period of the AP.</p> <p>Assumption 6.2 - has reduced from high to moderate/high, given definite indications of more competition in parts of the construction sector, however, it remains elevated given other macro factor risks, more analysis noted below (at assumption 6.2).</p>	<p>CE <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/></p>

## 1 Capital Programme & Infrastructure Assets

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>1.1 Capital Works.</b> Programmes and projects are assumed to be delivered within budget and on time and to required quality specifications. The capital programme is generally managed within overall budget allocations requiring changes to programme or project budget to be found within available budgets. At a corporate level provision may be made for delayed delivery by forecasting an annual capital budget carry forward based on historic delivery trends. There may also be some projects delivered ahead of forecast and these will be managed within borrowing allowances via bring backs.</p>	<p>If actual costs vary from estimates, due to higher input prices and/or delivery delays, then this could result in budget shortfalls. However, Council has tendered significant work, and estimates are based on the best available information. Delays could also be due to consenting and consultation requirements.</p>	<p>Moderate/ Low</p>	<p>To the extent possible Council staff seek to proactively manage the delivery of capital works, substituting projects within a programme where necessary. Those that are unable to be completed as planned in any year of the Long-Term Plan may be carried forward. The implications of this are:</p> <ol style="list-style-type: none"> <li>1.1. Possible additional reactive opex; not all delays lead to additional costs.</li> <li>1.2. Possible reduction in direct operating costs if the delay relates to a new facility; projects may cost more than planned due to inflation.</li> <li>1.3. less funds will need to be borrowed in the short term. Delaying new borrowing will impact on the timing of financing costs.</li> <li>1.4. possible reduction to levels of service</li> <li>1.5. Any inflationary increase in Council's costs that is not offset by efficiency gains or revenue is likely to impact the timing of future works or increase borrowing or lead to a reduced scope of work to be completed within the allocated budget.</li> </ol>	<p>CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GMCC <input checked="" type="checkbox"/> GMCI <input checked="" type="checkbox"/> GMCS <input checked="" type="checkbox"/> HPMO <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>1.2 Sources of funds for replacing assets.</b>                      The sources of funds will occur as projected.</p>	<p>If funding does not occur as projected, then borrowing is required.</p>	<p>Low</p>	<p>If required, Council is well placed to borrow funds as required and remain within its LGFA benchmarks. The impact to ratepayers of every \$10 million of additional borrowing for capital works is approximately 0.1% increase to rates spread over two years. This increase accounts for the interest cost and repayment of the borrowing over 30 years.</p>	<p>CFO <input type="checkbox"/>                      HF <input type="checkbox"/>                      GMCC <input type="checkbox"/>                      GMCI <input type="checkbox"/>                      GMCS <input type="checkbox"/></p>
<p><b>1.3 Asset life.</b>                      Useful life of assets is as recorded in asset management systems and plans or based upon professional advice (the Accounting Policies detail the useful lives by asset class).</p>	<p>If the useful life of an asset/s is significantly shorter than expected, then the asset will need to be replaced sooner than planned and budgeted for.</p> <p>If the useful life of an asset is longer than expected, then the asset may be replaced sooner than required resulting in a loss of economic life and a consequential higher cost of service.</p>	<p>Moderate</p>	<p>Council maintains its databases with the latest known condition information. However, piped networks are below ground making asset condition more difficult to assess reliably. Ideally assets are replaced just in time. Earlier replacement would put more pressure on the Council’s capital programme, financing costs and rates requirement. Late replacement can lead to more expensive replacement costs plus generally greater impacts on the operational costs, community, and the environment.</p>	<p>CFO <input type="checkbox"/>                      HF <input type="checkbox"/>                      GMCC <input type="checkbox"/>                      GMCI <input type="checkbox"/>                      GMCS <input type="checkbox"/>                      HTW <input type="checkbox"/>                      H3W <input type="checkbox"/>                      HPA <input type="checkbox"/>                      HD <input type="checkbox"/>                      HFP <input type="checkbox"/>                      MAMF <input type="checkbox"/></p>
<p><b>1.4 Carrying value of assets.</b>                      The opening statement of financial position reflects the correct asset values.  <i>The carrying value of assets are revalued on a regular basis.</i></p>	<p>If asset revaluations differ to that planned and change projected carrying values of assets, depreciation expense and certain</p>	<p>Low</p>	<p>Land and buildings were independently revalued as of 30 June 2024, using market value where appropriate.                      Wastewater, water supply and stormwater assets, were independently revalued as of 30 June 2023.</p>	<p>CFO <input type="checkbox"/>                      HF <input type="checkbox"/>                      GFC <input type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
	ratios may be impacted.		<p>Roading assets were independently revalued as of 30 June 2022.</p> <p>The valuation of the Council's facilities and infrastructure assets at optimum depreciated replacement cost involves a significant amount of judgement in estimating the replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets. Accounting standards require that at least at each balance date a review of the assets and whether there has been a material change or impairment of the asset, these judgments are tested as part of the annual attest audit.</p> <p><i>Note: That the asset values of three waters, roads and footpaths assets include additions (at cost less depreciation) and disposals since the last valuation.</i></p>	

## 2 Inflation, Growth & Population

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>2.1 Inflation.</b></p> <p>The price level changes projected will occur. Council has considered both information provided by Business Economic Research Limited (BERL) to all local authorities and a weighted mix of its own cost inputs in</p>	If inflation is materially higher or lower than anticipated, then the Council will have a revenue shortfall or surplus relative to its	Moderate	<p>Short-term impacts will be managed by managing costs to budget without impacting levels of service where possible. If increased costs and/ or reduced revenue negatively impacts on the Council's balance sheet it could lead the Council to decide to borrow more, increase rates and or fees and charges, or reduce service/</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
determining appropriate inflators. It also receives external advice on forecast future salary movements. Where specific contractual or determined increases are not identified Council has used an inflation assumption of 3.4% for operational costs for the 2025/26 plan and 3.5% for capital expenditure.	planned work programme. If inflation on costs is not offset by inflation on revenues, then the Council will have a revenue shortfall relative to affected planned work programmes.	Low	project delivery or a combination of all the above. However, these risks are considered to be unlikely to eventuate to a significant degree within a single rating year. Any decision to significantly cut services or increase debt would be more likely to be addressed in a future Annual Plan or Long-Term Plan.	
<p><b>2.2 Economic Environment.</b></p> <p>This Plan assumes that the economic environment develops broadly in line with the Reserve Bank of New Zealand’s Monetary Policy Statement of November 2024, including:</p> <ul style="list-style-type: none"> <li>• Economic growth to recover from current recessionary conditions in calendar 2025.</li> <li>• Annual consumer price index inflation to remain around 2.0%-2.5% throughout the forecast period.</li> <li>• Interest rates to be mixed, with the Official Cash Rate declining towards 3.0% in calendar 2025, long-term hedging rates broadly unchanged, and credit margins remaining elevated.</li> </ul>	If unexpected local, national, or international economic shocks occur and have a significant negative impact the economic environment affecting Council costs and or revenue, then a range of risk factors may materialise including: <ul style="list-style-type: none"> <li>• Persistent inflation, leading to higher interest rates and cost pressures for longer</li> <li>• Disruptions to NZ export production and/or global trade patterns, leading to higher import costs</li> </ul>	Moderate	A significant deterioration in the economic environment could negatively impact on Council’s finance and operating costs, its revenue from sources driven by external demand such as consents and development contributions and on ratepayers’ ability to pay rates. If increased costs and/ or reduced revenue negatively impacts on the Council’s balance sheet it could lead the Council to decide to borrow more, increase rates and/or fees and charges, or reduce service/ project delivery or a combination of all the above. However, these risks are considered unlikely to eventuate to a significant degree within a single rating year. Any decision to significantly cut services or increase debt would be more likely to be addressed in a future Annual Plan or Long-Term Plan. As noted in the LTP assumptions the labour market constraints are forecast to ease.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> HCPP <input checked="" type="checkbox"/>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<ul style="list-style-type: none"> <li>• Employment to continue slowing to more sustainable levels in early 2025, before recovering gradually. Council has prepared this Plan on the assumption that inflation and interest rates will progress broadly in line with these projections – see assumptions for both.</li> </ul>	and higher credit margins on borrowing			
<p><b>2.3 Development contributions revenue.</b></p> <p>The Council has assumed development will reflect the population and business growth model growth forecasts and has budgeted its development contributions revenue accordingly.</p>	<p>If the number of new properties paying development contributions is significantly less than forecast over the funding life of assets, then revenue from development contributions will not be sufficient to fund the growth component of the Council’s capital programme.</p> <p>If the timing of growth differs significantly from forecast this will impact on Council’s cash flows and may necessitate changes to planned borrowing. The location and timing of development is determined by</p>	Low	<p>The timing of growth, and its impact on Council’s development contributions revenue, will have a low impact on the borrowing and interest expense assumptions in this Plan. [note that in any one year a shortfall in DCs may not be material, but over the term of the LTP it can be].</p> <p>Any shortfall in development contributions revenue must be funded initially by borrowing which is funded from rates over the relevant debt financing term, and if the policy is not fit for purpose and collections do not map growth in demand from development there is heightened risk of under collection of the ‘true’ amount for council from its DC revenue, which is then covered by borrowing and in the long run paid for by rates.</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>HCPP <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
	several factors such as market forces which are outside the control of the council.			
<p><b>2.4 Population.</b>                      That population and business growth will occur as forecast by the Council’s growth modelling.</p>	If population and/ or business growth is higher than projected, then the Council will need to provide additional unplanned services and infrastructure. If growth is lower than projected, then the Council will be required to support excess levels of infrastructure and service delivery.	Low	Population projections are based upon a standard set of demographic assumptions. The Council revises its growth modelling annually based on the best information available at the time. Changes to services or infrastructure due to differing population are not likely to be required within a single Annual Plan year but may be significant when measured across a longer timescale.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> HCPP <input checked="" type="checkbox"/>
<p><b>2.5 Rating Base.</b>                      Growth in the number and value of rating units to 30 June 2024 is expected to increase the rating base for 2025/26 by \$8.4 million (1.1%) compared to 2024/25. This is taken into account when determining the annual rates increase to existing ratepayers.</p>	If the rating base grows at a materially different rate from that projected, then rates income may be materially different to that planned.	Low	Actual growth in the rating base is never known until 30 June because of the process by which it is measured. Council staff work closely with QV in the period leading up to 30 June to have as accurate an assessment as possible. Variances between the forecast and actual growth in the rating base to 30 June of each prior year will cause changes to the total rates revenue collected in the new year.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GFC <input checked="" type="checkbox"/>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>2.6 Aging population.</b> The number of Christchurch residents over the age of 65 is expected to increase by 150% between 2023 and 2053 to 94,200 (20% of the total population). By 2053 the number of residents over the age of 80 is expected to be around 7% of the population, compared to around 4% in 2023. The total number is expected to increase by 209% from 16,300 to 34,000.</p>	<p>If the mix of ages within the population is significantly different from that forecast the range and types of services that have factored in the needs of older persons may need to change.</p>	<p>Low</p>	<p>Age projections are produced by Statistics New Zealand on a nation-wide basis, and for the purpose of this annual plan the LTP assumption holds.</p>	<p>CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/></p>

### 3 Impact of Policies & External Factors

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>3.1 Council policy.</b> Given the significant extent of government reform, there will be regular updates to Council policy in response to legislative changes and emerging strategic issues. Known changes are appropriately budgeted for.</p>	<p>New legislation is enacted that requires a significant policy response or business change from Council or, Department of the Prime Minister and Cabinet (DPMC) uses its statutory powers such that a change is required to Council policy that was unplanned.</p>	<p>Low</p>	<p>Dealing with changes in legislation is part of normal Council operations. Any financial impact is managed, which may include deferring some work. Significant policy changes also are usually signalled sufficiently in advance that in any one AP they are manageable or will have limited impact during the relevant AP.</p>	<p>CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GMSPR <input checked="" type="checkbox"/> HLDS <input checked="" type="checkbox"/> HSPR <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>3.2 NZTA subsidies.</b>                      The Current Funding Assistance Rate (FAR) of 51% on qualifying expenditure will not change. We will receive the total amount of subsidy that we have assumed we will receive.</p>	<p>If there are changes in the FAR, and/ or the overall amount in the National Land Transport Fund, then there could be changes to government transport priorities, and to funding eligibility criteria for projects which could impact on the amount of subsidy funding we receive from NZTA and/ or could change the projects for which we receive funding.</p>	<p>Moderate/Low</p>	<p>Changes to government funding priorities and NZTA funding decisions are outside Council control, and the risk varies from project to project. The maximum financial impact would be the elimination of all subsidies, which is extremely unlikely as continuous programmes have been approved for the three-year funding period.</p> <p>Decisions on which improvement projects will be funded through the National Land Transport Fund will not be confirmed until after approval of the Detailed Business Case, and this means there is some inherent uncertainty around funding for some improvement projects. The Council is regularly in discussions with NZTA to gain more clarity on which projects will receive funding.</p> <p>The Council adjusts its work programme and budget assumptions if necessary to align with NZTA funding availability.</p>	<p>CFO <input checked="" type="checkbox"/>                      HF <input checked="" type="checkbox"/>                      GMCC <input checked="" type="checkbox"/>                      GMCI <input checked="" type="checkbox"/>                      HTW <input checked="" type="checkbox"/>                      FBP-CI/SPR <input checked="" type="checkbox"/></p>
<p><b>3.3 Resource Consents.</b>                      Conditions of resource consents held by Council will not be significantly altered.</p>	<p>Conditions required to obtain/maintain the consents will change, which may result in higher costs than projected, and these costs will not be covered by planned funding.                      Council is currently applying for the</p>	<p>Moderate/Low</p>	<p>Council will usually have sufficient notice period of likely changes to resource consents that may have significant financial impact.</p> <p>The financial impact of failing to obtain/renew resource consents cannot be precisely quantified generally but must be analysed per consent.</p>	<p>CFO <input checked="" type="checkbox"/>                      HF <input checked="" type="checkbox"/>                      GMCC <input checked="" type="checkbox"/>                      GMCI <input checked="" type="checkbox"/>                      H3W <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
	Akaroa wastewater consent. Consent conditions are unknown at this point, however National standards are proposed to come into effect in August 2025			
<p><b>3.4 Legislative and Regulatory change.</b>                      The Government has initiated significant reform that will impact on the legislative and regulatory frameworks within which local government currently operates. Key reform programmes relate to Three Waters reform and resource management reform and building system reform.                      Given the expected timelines of the review processes the Council has assumed that no significant legislative or regulatory change will impact on the Council in the coming year, although this might change if the government follows through on its intention to enact the water service entities bill this year.                      The reform programmes are each covered in more detail below.</p>	Should the legislative environment change, the activities, and services the Council plans to provide over the period of this Plan could change which could impact on Council's costs and revenue requirements.	Low	The Government has several reform programmes in progress which could significantly change the roles and responsibilities of local government as changes are implemented. At the time of preparing this Plan the Council is unable to determine how any potential legislative change might impact its operations or quantify the potential financial impact, however, it is unlikely to have an impact financially or in terms of service delivery during the period of this AP.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GMSPR <input checked="" type="checkbox"/> HLDS <input checked="" type="checkbox"/> HSPR <input checked="" type="checkbox"/>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>3.5 Three Waters Reform.</b>                      The Council will continue to deliver water services over the life of the LTP and has budgeted accordingly. The government has recently introduced legislation which will determine the requirements for the future of three waters asset ownership and service delivery. This will not affect the levels of service for delivery of three waters activities</p>	<p>If Council resolves to transfer the three waters assets and responsibility for service delivery to a new water services entity, then large parts of the adopted Long-Term Plan and this Annual Plan will be inaccurate. If this occurs out of cycle with the 3 yearly LTP programme, this will then require significant budgeting and operating changes for the Council through an amended LTP process.</p>	<p>Low</p>	<p>This is a work in progress and does not directly impact the 2025/26 AP in respect of governance, operations, LoS, rating and contract costs.</p> <p>The Council is in close contact with the Department of Internal Affairs (DIA) which is responsible for overseeing the new legislation regarding transfer of three waters assets and service delivery to water services entities.</p> <p>The work programmes and budgets for three waters activities have been prepared on the assumption Council will deliver these services indefinitely, though with close liaison with the DIA to facilitate a smooth transition.</p>	<p>CFO <input checked="" type="checkbox"/>                      HF <input checked="" type="checkbox"/>                      GMCC <input checked="" type="checkbox"/>                      GMCI <input checked="" type="checkbox"/>                      H3W <input checked="" type="checkbox"/></p>
<p><b>3.6 Potential climate change impacts.</b>                       The Ministry for the Environment and Stats NZ “Environment Aotearoa 2019” report states all aspects of life in New Zealand will be impacted by climate change.                      The projected local changes to climate that we must prepare for are:                      a) 0.48 metre rise in sea-level by 2070 and 1 metre sea-level rise by 2100</p>	<p>The timing or severity of any climate change impacts could be worse than expected, meaning the Council is not sufficiently prepared.</p>	<p>Low</p>	<p>The Council has developed a Climate Resilience Strategy and is progressing the Coastal Hazards Adaptation Plan programme. These identify action programmes to respond to the impacts of climate change and the legislative requirements to consider the impacts of climate change.</p> <p>Variability in changes to the climate and its impacts and how we respond could result in different financial impacts.</p>	<p>CFO <input checked="" type="checkbox"/>                      HF <input checked="" type="checkbox"/>                      GMSPR <input checked="" type="checkbox"/>                      HSPR <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p>b) Average temperatures will rise 0.5°C – 1.5°C by 2040 and by 3.5°C by 2090</p> <p>c) Changes in rainfall and extreme weather events.</p>			<p>We have significant work to do to have a better understanding of our exposure and vulnerability to the impacts of climate change on our assets and how we adapt, to determine the financial impacts.</p> <p>A Climate Resilience Fund is also proposed to build a fund over the longer term to respond to the impacts of climate change, along with continuing to invest in climate adaptation efforts and partnerships with communities and rūnanga.</p> <p>To provide capacity to respond to an emergency, Council has deliberately maintained significant debt capacity to fund any urgent and major works.</p>	
<p><b>3.7 Future for Local Government Review.</b></p> <p>The Council has assumed any changes to local government service delivery and responsibilities arising from recommendations in the Future for Local Government report will not materially impact on its costs or financial position over the life of the Annual Plan 2025-26.</p>	<p>If significant changes to local government functions and/ or structure materialise then this could have a significant impact on work programmes and budgets detailed in the adopted LTP and this Annual Plan.</p>	<p>Moderate (for this AP of the LTP)</p>	<p>If significant changes to local government functions and/ or structure materialise then work programmes and budgets will need to be amended. This can be done through the LTP 2027-37 or through Annual Plans prepared in the intervening years. It is possible the Council may need to undertake a formal LTP amendment if changes are significant. The AP has been prepared on the basis that there are no significant changes to delivery and operations arising from reform that will impact during the AP timeframe which are not already known or considered.</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GMSPR <input checked="" type="checkbox"/></p> <p>HLDS <input checked="" type="checkbox"/></p> <p>HSPR <input checked="" type="checkbox"/></p> <p>HCPP <input checked="" type="checkbox"/></p>

## 4 Borrowing Related

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>4.1 Credit Rating.</b> The Council's current rating of AA is maintained.</p>	<p>If the Council's credit rating with Standard and Poor's is downgraded, then the Council's cost of borrowing is likely to increase. This would increase the budget required to service debt which would reduce funding available for other things.</p>	Moderate	<p>A one-notch downgrade at some point in the future (i.e., from AA to AA-) would not affect any debt existing at the time but would increase the cost of new borrowing and refinancing by an estimated 5 basis points (0.05 percentage points) for the life of the borrowing.</p> <p>Such an event occurring at the start of 2025/26 would increase net interest costs by an estimated \$0.3 million in 2025/26, rising to \$1.5 million annually by 2033/34.</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GT <input checked="" type="checkbox"/></p>
<p><b>4.2 Borrowing Costs.</b> Net cost of ratepayer funded borrowing (i.e. including current and projected debt) is projected to be 4.9% in 2025/26.</p>	<p>If interest rates increase to above the assumed level, then the Council's debt servicing costs will increase.</p> <p>This would increase the budget required to service debt which would reduce funding available for other things.</p>	Moderate	<p>Council manages its interest rate exposure in accordance with its Liability Management Policy, and in line with advice from an independent external advisor.</p> <p>Projected debt is mostly hedged to reduce exposure to market rate fluctuations, but a moderate amount of risk remains.</p> <p>Market interest rates 0.5% higher than projected would increase interest costs by around \$2.0m in 2025/26.</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GT <input checked="" type="checkbox"/></p>
<p><b>4.3 Securing External Funding.</b> New, or renewal of existing borrowings on acceptable terms can be achieved.</p>	<p>If new borrowing cannot be accessed to refinance existing debt or fund future capital</p>	Low	<p>The Council minimises its liquidity &amp; funding risks by maintaining a mix of current and non-current borrowings in accordance with its Liability Management</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GT <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
	requirements, then the Council could need to borrow from unconventional sources or default on its debts.		Policy, plus some undrawn committed lending facilities from banks.	
<b>4.4 LGFA Guarantee.</b> Each shareholder of the LGFA is a party to a deed of Guarantee, whereby they guarantee the obligations of the LGFA and the obligations of other participating local authorities in the event of default.	If the LGFA couldn't meet its obligations, then each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's relative rates income.	Low	The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote. The likelihood of a local authority borrower defaulting is extremely low and LGFA has recovery mechanisms that would be applied prior to any call on the Guarantee. All the borrowings by a local authority from the LGFA are secured by a charge over each local authority's Rates.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
<b>4.5 Opening Debt</b> The Council's opening debt of \$2.838 million is made up of; <ul style="list-style-type: none"> <li>• \$221 million of equity investments, mainly in CCTOs (Venues Ōtautahi Ltd \$185 million),</li> <li>• \$743 million of money borrowed for on-lending, (in accordance with the Council's Liability Management Policy),</li> <li>• \$1,798 million of capital works and earthquake related borrowing. There is an additional \$91.5 million borrowed internally from the Capital Endowment Fund.</li> </ul>	If the Council's actual opening debt differs from forecast, then the debt servicing costs may be higher than budgeted.	Low	Council's debt requirements are well understood and closely managed. It is unlikely that opening debt will be significantly different to forecast.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GT <input checked="" type="checkbox"/>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<ul style="list-style-type: none"> <li>\$76 million finance lease (Civic Building).</li> </ul>				

## 5 Investment Related

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>5.1 Return on investments.</b> Interest received on cash and general funds invested is projected to be 3.0% for 2025/26.</p> <p>The return on the Capital Endowment Fund (most of which is currently invested internally) is forecast to be 4.4% for 2025/26.</p>	<p>If interest rates are lower than projected, then Council's revenue from interest will be less than budgeted. Conversely, if interest rates are higher than projected, then Council's revenue from interest will be more than budgeted.</p>	Low	Any financial impact is unlikely to be significant.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GT <input checked="" type="checkbox"/>
<p><b>5.2 Value of investment in subsidiaries</b> That the opening statement of financial position reflects the correct investment values.</p>	<p>If CCO revaluations differ significantly from the assumed values, then Council's assets will be overstated.</p>	Low	<p>The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these prospective financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic (currently annually) basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value and</p>	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
			are independently audited by Audit NZ as part of the annual attest audit.	
<b>5.3 CCO/CCTO income.</b> CCHL will deliver dividend income at the levels forecast in this Plan.	If CCHL delivers a lower than projected dividend, then the Council will need to source alternate funding or reduce work programmes funded from dividends. If additional dividend income is received, then the level of borrowing forecast in this Plan will be reduced.	Low	CCO/CCTOs are monitored by their Statements of Intent and quarterly reporting to the Council.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
<b>5.4 Tax planning.</b> The Council (parent) will operate a tax loss for the period covered by this Plan due to the availability of tax deductions on some Council expenditure. This allows the Council's profit-making subsidiaries to make deductible payments (known as subvention payments) to entities with a tax loss which reduces the Council Group tax payments.	If subvention payments are lower than planned, then the Council's revenue will be less than budgeted.	Low	CCTOs are monitored by the Statement of Intent and a quarterly performance reporting process. Returns are expected to continue as forecast in this Plan. Council also works closely with those subsidiaries in Councils Tax group, to achieve positive outcomes.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GFC <input checked="" type="checkbox"/>

## 6 Services & Operations

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<p><b>6.1 Community Housing.</b></p> <p>The Council's community housing assets are leased to Ōtautahi Community Trust, who are responsible for operations, maintenance and renewals. It is assumed that community housing remains ring-fenced from Rates, through a separate Housing Fund. The ongoing revenue source for this fund is the lease payments from the Ōtautahi Community Housing Trust.</p>	<p>If lease revenue is not sufficient to enable the social housing portfolio to be financially viable then alternative sources of funding may need to be found which may include from rates and property sales. If expenditure is higher than expected expenditure (e.g., due to asset failure or external events) then additional sources of funding may need to be found which may include from Rates and property sales.</p>	High	<p>With a focus on repairing earthquake damage, lifting quality standards, and addressing deferred maintenance, there has been significant expenditure from the fund over recent years. The fund is now in a depleted state and is not anticipated to accumulate in the foreseeable future. During this period, it is at a heightened risk.</p> <p>The proposed Long-Term Plan contains revenue budget from future sales of complexes to ensure a balanced budget. Council has already made the decision to sell some complexes but has not yet decided to sell all required for a balanced budget.</p> <p>Changes to Government policy may also impact on the funding available for new social housing.</p> <p>Should policy change and future Council decisions reduce funding availability the approach reflected in the LTP will be revisited. To remain within Council's policy parameters the most likely recommendation will be to reduce renewal and maintenance expenditure.</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GMCS <input checked="" type="checkbox"/></p> <p>HFP <input checked="" type="checkbox"/></p> <p>FBP-CS <input checked="" type="checkbox"/></p> <p>MAMF <input checked="" type="checkbox"/></p>
<p><b>6.2 Contract Rates.</b></p> <p>Re-tendering of major contracts will not result in cost increases in excess of the rate of inflation or budgeted amount.</p>	<p>There continues to be some risk in the market in relation to cost increases - particularly those</p>	High/Moderate	<p>Inflation generally is lower, there are definite signs that capital project procurement are more competitive with some prices received under their estimate (noting the estimates maybe risk adverse and factoring in levels of inflation etc).</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GMCC <input checked="" type="checkbox"/></p> <p>GMCI <input checked="" type="checkbox"/></p> <p>GMSPR <input checked="" type="checkbox"/></p>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
	involving overseas supply chains, those greatly linked to the price of oil and for larger maintenance contracts.		<p>However, countering this there also remains volatility in supply chains and shortages of construction materials, placing further upward pressure on costs, including in the opex segment of the market. The construction labour market still faces some pressure, but this is not uniform across all parts of the construction sector, which means that there are both favourable and unfavourable movements, overall the pressure is upward.</p> <p>Potential cost increases are best mitigated through better design and operational review (for maintenance – e.g. frequencies) and to reduce the risk of uncertainty and variations. Some mitigation can occur by challenging/tasking contractors to identify and suggest cost savings and improved efficiencies and consolidating services within existing contracts where possible. However, it is unlikely that any potential savings will outweigh increased contractor and supply costs, so some budgetary adjustments may be necessary.</p>	GMCS <input checked="" type="checkbox"/> HTW <input checked="" type="checkbox"/> H3W <input checked="" type="checkbox"/> HPA <input checked="" type="checkbox"/> HFP <input checked="" type="checkbox"/> MAMF <input checked="" type="checkbox"/>

## 7 Insurance Cover & Natural Disaster Financing

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
<b>7.1 Insurance cover.</b> The Council has adequate Material Damage cover for all above ground buildings and fire cover for significant unrepared buildings.	Risk of major loss through fire.	Low	The results of external and independent modelling suggests that Council's insurance cover is sufficient to meet two times the estimated loss from the most	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>

Question	Risk	Level of Uncertainty	Reasons for Financial Impact of Uncertainty	Sign Off
			likely event. Any financial impact is not expected to be significant.	
<p><b>7.2 Natural disaster financial implications.</b> The Christchurch region will at some time experience earthquake, flooding and tsunami events that will result in damage to Council infrastructure. It is assumed the Council's insurance along with central government assistance will cover the cost of repairs.</p>	<p>If the Council's insurance cover and expected Government assistance isn't sufficient to cover the costs of repairing Council infrastructure following a natural disaster, then additional funding will need to be found.</p>	<p>Moderate</p>	<p>Council has limited insurance cover in place for damage to infrastructure networks from flooding, tsunami and earthquake events and relies on the strength of its Financial Position plus access to central government emergency funding in the event of another major event.</p> <p>Financial implications of another significant natural disaster event are large, particularly when our ability to borrow may be limited due to the high debt to revenue ratios forecast.</p> <p>This risk is considered in preparing forecasts and particular attention is paid to the financial headroom for each year. Financial headroom is a measure of Council's ability to borrow in the event of an emergency. Council is maintaining significant debt headroom to meet such events.</p>	<p>CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/></p>

## 8 Sign Off Completion

Chief Executive (CE) <input checked="" type="checkbox"/> Mary Richardson	Head of Strategic Policy & Resilience (HSPR) <input checked="" type="checkbox"/> David Griffiths
Chief Financial Officer/General Manager Finance, Risk & Performance (CFO) <input checked="" type="checkbox"/> Bede Carran	Head of Programme Management Office (HPMO) <input checked="" type="checkbox"/> Nicky Palmer
Head of Finance (HF) <input checked="" type="checkbox"/> Russell Holden	Head of Corporate Planning & Performance (HCPP) <input checked="" type="checkbox"/> Peter Ryan
General Manager, Citizens & Community (GMCC) <input checked="" type="checkbox"/> Andrew Rutledge	Head of Three Waters (H3W) <input checked="" type="checkbox"/> Gavin Hutchinson
General Manager, Strategy, Planning & Regulatory (GMSPR) <input checked="" type="checkbox"/> John Higgins	Head of Transport & Waste Management (HTW) <input checked="" type="checkbox"/> Lynette Ellis
General Manager, City Infrastructure (GMCI) <input checked="" type="checkbox"/> Brent Smith	Acting Head of Parks (HPA) <input checked="" type="checkbox"/> Rupert Bool
General Manager, Corporate Services (GMCS) <input checked="" type="checkbox"/> Lynn McClelland	Head of Digital (HD) <input checked="" type="checkbox"/> Anurag Madan
Group Financial Controller (GFC) <input checked="" type="checkbox"/> Niel Koch	Head of Facilities & Property (HFP) <input checked="" type="checkbox"/> Bruce Rendall
Group Treasurer (GT) <input checked="" type="checkbox"/> Steve Ballard	Manager Asset Management & Facilities (MAMF) <input checked="" type="checkbox"/> Paul Pugh
General Counsel/Head of Legal & Democracy Services (HLDS) <input checked="" type="checkbox"/> Helen White	Finance Business Partner, City Infrastructure & Strategy, Planning & Regulatory Services (FBP-CI/SPR) <input checked="" type="checkbox"/> Tony Richardson
Finance Business Partner, Corporate Services (FBP-CS) <input checked="" type="checkbox"/> Nick Dean	

Draft Annual Plan 2025/2026

# Management Processes Sign Offs

**SIGN-OFF BY MANAGEMENT FOR THE ANNUAL PLAN 2025/2026 PROCESS**

## 1. Financial Strategy & Infrastructure Strategy

Question	Comments	Sign Off
1.1. Does the Annual Plan comply with the financial strategy in the 2024/2034 Long Term Plan?	The fundamental principles of the FS were that over the term of the LTP Council fully funds its renewals, have a balanced budget, and maintain significant debt headroom to respond to emergency and unexpected events that incur significant costs. The AP does not change these but does project an unbalanced budget for the next three years arising from lower capital revenues than forecast.	CE <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
1.2. Does the Annual Plan comply with the Infrastructure Strategy in the 2024/2034 Long Term Plan?	Proposed AP capex aligns with IS which covers WS, WW, SW, Transport, Facilities, Parks and Waste including around assessment condition and level of renewals, these are all provided for in the AP as forecast in the LTP.	CE <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GMCC <input checked="" type="checkbox"/> GMCI <input checked="" type="checkbox"/> GMCS <input checked="" type="checkbox"/> GMSPR <input checked="" type="checkbox"/> HSPR <input checked="" type="checkbox"/>

<p>1.3. Are the “stories” that the financial and infrastructure strategies tell consistent?</p> <p><i>Robust financial and infrastructure strategies cannot be developed in isolation from intended levels of service and the operational expenditure and capital expenditure programmes associated with these.</i></p>	<p>Both strategies remain consistent, the AP 25/26 remains consistent with Y2 of the LTP, and no change to either strategy.</p>	<p>CE <input checked="" type="checkbox"/></p> <p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p> <p>GMCC <input checked="" type="checkbox"/></p> <p>GMCI <input checked="" type="checkbox"/></p> <p>GMCS <input checked="" type="checkbox"/></p> <p>GMSPR <input checked="" type="checkbox"/></p> <p>HSPR <input checked="" type="checkbox"/></p>
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## 2. Funding Impact Statement

Question	Comments	Sign Off
<p>2.1. Does your LTP contain a funding impact statement (FIS) for the whole of council? (LGA 2002, sch 10 cl 15 (2)/Financial Reporting Regulations 2014)</p>		<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p>
<p>2.2. Does your FIS contain two components: 2.2.1. A financial statement as per 3.1 above? 2.2.2. Information about funding sources (“funding disclosure”). (LGA 2002, sch 10 cl 15(3))?</p>		<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p>
<p>2.3. Does the whole-of-council FIS have a “nil” balance (Financial Reporting Regulations 2014)?</p>		<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p>
<p>2.4. Does the funding disclosure contain details of each of the rates your local authority proposes to set and how these will be calculated (including specifying the relevant matters from Schedule Two and factors from Schedule Three of the Rating Act)?</p>		<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p>

Question	Comments	Sign Off
2.5. Is the funding disclosure specified with enough particularity that ratepayers can, for example, determine whether they are liable for any particular rate and what differential categories they are in?		CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
2.6. Does the funding disclosure include sample models of the impact of the rating proposals for the Annual Plan?		CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
2.8. Has the entire Funding Impact Statement, but especially the funding disclosure, been reviewed for legal compliance by someone conversant with the LGA 2002 and the Rating Act?	Subject to satisfactory resolution of the rounding issues exceeding 100%	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> HLDS <input checked="" type="checkbox"/>
2.9. Has the funding disclosure been checked for consistency with the RFP set out in the 2024/2034 Long Term Plan?	RFP remains unchanged from what it set out in the LTP	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
2.10. Is the funding disclosure complete (i.e., is every rate that your local authority proposes to set included)?		CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>

### 3. Financial Statements

Question	Comments	Sign Off
3.1. Does the Annual Plan include forecast financial statements for each of the financial years covered by the plan? (LGA 2002, sch 10 cl 12)	Yes, assumptions, required by PBE FRS 42 will be added once fully signed off	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
3.2. Has the Annual Plan included the financial statements for the year preceding the Annual Plan? <i>If yes, are these in the same format as the financial statements for the LTP? (LGA 2002, sch 10 cl 19).</i>	As Comparatives	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
3.3. Do all of the forecast financial statements comply with Generally Accepted Accounting Practice? (LGA 2002, s 111) + (Section 18 of part 2 of Schedule 10, of the LGA 2002) GAAP = applicable accounting standard = PBE FRS 42)	Yes, assumptions have been reviewed for reasonableness, and are based on the assumptions independently audited for the LTP, other requirements of PBE FRS 42 include (a) A prospective statement of financial position; (b) A prospective statement of comprehensive revenue and expense; (c) A prospective statement of changes in net assets/equity; (d) A prospective cash flow statement; and (e) Notes, comprising a summary of significant accounting policies, significant assumptions and any other relevant information underlying (a) to (d).	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GFC <input checked="" type="checkbox"/>
3.4. Has the Annual Plan included the rating base disclosures? (LGA 2002, sch 10 cl 20A)	Refer attachment 'Rating information' to AP report	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
3.5. Has the Annual Plan included a statement showing the objectives for reserves, the starting and end balance for reserves and any movements in reserves? (LGA 2002, sch 10 cl 21)		CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>

Question	Comments	Sign Off
3.6. Have disclosures been made with respect to the Council's intended level of performance against the so-called fiscal benchmarks and indicators? (Financial Reporting Regulations 2014)?		CFO <input type="checkbox"/> HF <input type="checkbox"/>
3.7. Are the prospective financial statements in the Annual Plan prepared in accordance with the appropriate financial reporting standards? <ul style="list-style-type: none"> <li>LGA 2002, Schedule 10, Section 18 – Forecast financial statements</li> <li>PBE FRS 42</li> </ul>	Yes: refer 4.3 above	CFO <input type="checkbox"/> HF <input type="checkbox"/> GFC <input type="checkbox"/> <i>(Accounting Policies Only)</i>
3.8. Has a review of required disclosures in the prospective financial statements been performed? <ul style="list-style-type: none"> <li>LGA 2002, Schedule 10</li> </ul>	Statements are compliant with the LGA.	CFO <input type="checkbox"/> HF <input type="checkbox"/> <i>(Consistent Format)</i> GFC <input type="checkbox"/> <i>(Accounting Policies Only)</i>

## 4. Balanced Budget Statements

Question	Comments	Sign Off	
4.1. Is the Council running a balanced budget in the Annual Plan? (LGA 2002, s 100)	No, Council will need to resolve that it is financially prudent to do so (s 100 LGA), and staff advice is that as across the term of the LTP Council will run a balanced budget it is in order to adopt the current AP with an unbalanced budget.	CFO <input type="checkbox"/> HF <input type="checkbox"/>	

<p>4.2. If there is an unbalanced budget does the Annual Plan explain the reasons for the unbalanced budget, and the implications of the decision? (LGA 2002, s 10 cl 14)</p>	<p>Details noted in the Financial Overview, the Council Report and also reference to the Financial Strategy.</p>	<p><b>CFO</b> <input checked="" type="checkbox"/>  <b>HF</b> <input checked="" type="checkbox"/></p>	
<p>4.3. Is running an unbalanced budget prudent? (NB: Assessing prudence will necessitate consideration of the impacts beyond the life of the plan)</p>	<p>Yes. Council agreed to extend the timeframe to reach a 100% funding for renewals position out to 2032.</p>	<p><b>CFO</b> <input checked="" type="checkbox"/>  <b>HF</b> <input checked="" type="checkbox"/></p>	
<p>4.4. Has the Council resolved to operate an unbalanced budget? (That resolution should ideally be made before adoption of the LTP.)</p>	<p>Yes, it will need to resolve on an unbalanced budget for the AP as Year 2 was forecast to be balanced in the LTP</p>	<p><b>CFO</b> <input checked="" type="checkbox"/>  <b>HF</b> <input checked="" type="checkbox"/></p>	
<p>4.5. Has the necessary analysis been performed with respect to the levels of service and the financial impacts in order to provide the Council and the auditors with assurance that the unbalanced budget is prudent?</p>	<p>The AP is not audited. This is a decision of Council, which was that there were to be no significant changes to LoS</p>	<p><b>CFO</b> <input checked="" type="checkbox"/>  <b>HF</b> <input checked="" type="checkbox"/></p>	
<p>4.6. Are appropriate disclosures considered and / made in the Annual Plan regarding the unbalanced budget?</p>	<p>Details noted in the Financial Overview, the Council Report and also reference to the Financial Strategy.</p>	<p><b>CFO</b> <input checked="" type="checkbox"/>  <b>HF</b> <input checked="" type="checkbox"/></p>	
<p>4.7. Is an unbalanced budget an issue that warrants inclusion in the financial strategy?</p>	<p>FS not part of the Annual Plan, unbalanced budget relates capital revenues, and FS discusses the issue of rating for renewals and Council's approach.</p>	<p><b>CFO</b> <input checked="" type="checkbox"/>  <b>HF</b> <input checked="" type="checkbox"/></p>	

## 5. Forecasting Assumptions

Also refer to Sign offs for Forecasting Assumption where individual assumptions are signed off.

Question	Comments	Sign Off
<p>5.1. Has the Annual Plan identified all of the significant forecasting assumptions and risks? (LGA 2002, sch 10 cl 17(a))</p>	<p>Yes, as appropriate for an Annual Plan, as a general assumption the following wording in this Annual Plan, and to be reviewed annually thereafter:</p> <p><i>The nature of Council’s activities and operations for the period of the Long-Term Plan 2024-34 will be consistent with the activities and operations outline in the LTP.</i></p> <p>Assumption 4 – are we comfortable this risk is low given the discussion with S&amp;Ps, [yes – change down in credit rating = circa 5 basis points on interest cost = 0.05%].</p> <p>Assumption 5.3 - should it be CCO/CCTO - adding in ‘CCO’ [check reason] - yes CCO added (CCHL, a holding company is a CCO), not a trading company like CCHL’s subs which are CCTOs.</p> <p>Assumption 7 – are we comfortable that we will be able to afford prudentially appropriate cover for the duration of the LTP, even if it is available to or we can self-insure, underwrite or mitigate the risk in some other way [yes – relates to material damage and not natural hazard/disaster damage, e.g.,</p>	<p>CFO <input checked="" type="checkbox"/></p> <p>HF <input checked="" type="checkbox"/></p>

Question	Comments	Sign Off
	earthquake flooding etc, see assumption 7.2 and cover to date remains expensive but affordable].	
5.2. Has the Annual Plan disclosed the useful life of significant assets and funding sources for the replacement of significant assets? (LGA 2002, sch 10 cl 17(b))		CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GFC <input checked="" type="checkbox"/>
5.3. Are there any disconnects between the assumptions disclosed in this section and those disclosed in the infrastructure strategy and the financial strategy?	Aligned currently.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GMCC <input checked="" type="checkbox"/> GMCI <input checked="" type="checkbox"/> GMCS <input checked="" type="checkbox"/> GMSPR <input checked="" type="checkbox"/> HSPR <input checked="" type="checkbox"/>
5.4. Did management review the assumptions and their significance afresh, or did it “roll over” the assumptions from the last Annual Plan/Long Term Plan?	Rolled over from the LTP and updated as appropriate.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
5.5. Has management checked economic assumptions with those others are making (e.g., what interest rates is management assuming compared to those of others)?	Yes, uses independent financial data used widely across the sector	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>
5.6. Should Council undertake scenario modelling of the impact if significant assumptions fail to materialise or are significantly different from those you expected? <i>For example, a local authority reliant on central government funding for a particular large project might consider whether it needs a “plan B”; a growth council might want to forecast different scenarios for the receipt of development contributions revenue.</i>	Transport option re the delay in the Transport/NZTA GPS advice, have been considered by Council, and models in the LTP are based on best evidence/most likely outcomes Assumptions are consistent with undertakings from NZTA.	CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/>

Question	Comments	Sign Off
5.7. Does the Annual Plan include the following (if not, should it)? 5.7.1. Service level assumptions	Assumption that no service levels are changed - GMCI	CFO <input type="checkbox"/> HF <input type="checkbox"/> GMCC <input type="checkbox"/> GMCI <input type="checkbox"/> GMCS <input type="checkbox"/> GMSPR <input type="checkbox"/>
5.7.2. Demand assumptions (note that this includes demand driven by population growth and change, economic growth, and transformation, and changing preferences)	As per the demand assumptions underpinning the 2024-34 LTP and reviewed as part of the AP (refer significant forecasting assumptions signoff).	CFO <input type="checkbox"/> HF <input type="checkbox"/> GMCC <input type="checkbox"/> GMCI <input type="checkbox"/> GMCS <input type="checkbox"/> GMSPR <input type="checkbox"/> HCPP <input type="checkbox"/>
5.7.3. Economic assumptions (interest rates both for council investments and council borrowing, investment/dividend flows from council assets, forecast changes in key costs.)	Yes	CFO <input type="checkbox"/> HF <input type="checkbox"/>

## 6. Capital Expenditure

Question	Comments	Sign Off
6.1. Does the capital expenditure show the following detail for each group of activity? (LGA 2002, sch 10 cl 3) <ul style="list-style-type: none"> <li>Amount to meet additional demand</li> <li>Amount to improve levels of performance</li> <li>Amount to replace existing assets</li> </ul>	Yes	CFO <input type="checkbox"/> HF <input type="checkbox"/> HPMO <input type="checkbox"/> FBP-CC <input type="checkbox"/>

		FBP-CI/SPR <input checked="" type="checkbox"/> FBP-CS <input checked="" type="checkbox"/>
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## 7. Proposed changes to Levels of Service

Question	Comments	Sign Off
7.1 Do proposed changes to levels of service include significant or material differences from the content of the 2024-34 Long Term Plan (LGA 2002 Section 95 2A)	There are no material LOS changes. There are some minor adjustments to keep in line with central government adjustments to mandatory measures.	CFO <input checked="" type="checkbox"/> HCPP <input checked="" type="checkbox"/>

## 8. Proposed Fees & Charges

Question	Comments	Sign Off
<p>8.1. Fees and charges schedules - have these been prepared in line with LGA 2002 Section 12 and LGA 2002 Section 150 or other relevant legislation (e.g., Dog Control Act 1996, Building Act 2004, Food Act 2014, etc.)</p> <p><b>NOTE:</b> Dog Registration fees section was included for adoption with Annual Plan 2023/24 on the basis proposed amendments were adopted initially with the draft Annual Plan. Usual business process is for Dog Registration fees (including changes) to be notified independently of the LTP/AP process, therefore not included.</p> <p>Dog Registration fees section is to be:</p> <ul style="list-style-type: none"> <li>Excluded from adoption and publication as part of any draft plan (AP or LTP)</li> </ul>		CFO <input checked="" type="checkbox"/> HF <input checked="" type="checkbox"/> GMCC <input checked="" type="checkbox"/> GMCI <input checked="" type="checkbox"/> GMSPR <input checked="" type="checkbox"/> H3W <input checked="" type="checkbox"/> HTW <input checked="" type="checkbox"/> HPC <input checked="" type="checkbox"/> HRC <input checked="" type="checkbox"/> HBC <input checked="" type="checkbox"/> HPA <input checked="" type="checkbox"/> HRSE <input checked="" type="checkbox"/> HLI <input checked="" type="checkbox"/> DAG <input checked="" type="checkbox"/>

<ul style="list-style-type: none"> <li>• Excluded from adoption of any final plan, but</li> <li>• Included in the publication of any final plan (based on changes adopted directly with Council under s37)</li> </ul>		HCSP <input checked="" type="checkbox"/> MMCS <input checked="" type="checkbox"/> FBP-CC <input checked="" type="checkbox"/> FBP-CI/SPR <input checked="" type="checkbox"/> FBP-CS <input checked="" type="checkbox"/>
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## 9. Significance & Engagement Policy

Question	Comments	Sign Off
9.1. Does any special consultative procedure proposed for use in adopting the Annual Plan comply with the requirements of the LGA02 and the Council’s significance and engagement policy?	Council is not required to use the SCP, however, consultation on the Draft AP will be undertaken applying the principles of the SCP.	CE <input checked="" type="checkbox"/> HLDS <input checked="" type="checkbox"/> HCE <input checked="" type="checkbox"/> HSPR <input checked="" type="checkbox"/>

## 10. Sign Off Completion

Chief Executive (CE) <input checked="" type="checkbox"/> Mary Richardson	Head of Three Waters (H3W) <input checked="" type="checkbox"/> Gavin Hutchinson
Chief Financial Officer/General Manager Finance, Risk & Performance (CFO) <input checked="" type="checkbox"/> Bede Carran	Head of Transport & Waste Management (HTW) <input checked="" type="checkbox"/> Lynette Ellis
Head of Finance (HF) <input checked="" type="checkbox"/> Russell Holden	Head of Planning & Consents (HPC) <input checked="" type="checkbox"/> Mark Stevenson
General Manager, Citizens & Community (GMCC) <input checked="" type="checkbox"/> Andrew Rutledge	Head of Regulatory Compliance (HRC) <input checked="" type="checkbox"/> Tracey Weston
General Manager, Strategy, Planning & Regulatory (GMSPR) <input checked="" type="checkbox"/> John Higgins	Head of Building Consenting (HBC) <input checked="" type="checkbox"/> Steffan Thomas
General Manager, City Infrastructure (GMCI) <input checked="" type="checkbox"/> Brent Smith	Acting Head of Parks (HPA) <input checked="" type="checkbox"/> Rupert Bool
General Manager, Corporate Services (GMCS) <input checked="" type="checkbox"/> Lynn McClelland	Head of Recreation, Sports, & Events (HRSE) <input checked="" type="checkbox"/> Nigel Cox
Group Financial Controller (GFC) <input checked="" type="checkbox"/> Niel Koch	Head of Libraries & Information (HLI) <input checked="" type="checkbox"/> Carolyn Robertson
General Counsel/Head of Legal & Democracy Services (HLDS) <input checked="" type="checkbox"/> Helen White	Director Art Gallery (DAG) <input checked="" type="checkbox"/> Blair Jackson
Head of Corporate Planning & Performance (HCPP) <input checked="" type="checkbox"/> Peter Ryan	Head of Community Support & Partnerships (HCSP) <input checked="" type="checkbox"/> John Filsell
Head of Strategic Policy & Resilience (HSPR) <input checked="" type="checkbox"/> David Griffiths	Manager of Mayor & Civic Services (MMCS) <input checked="" type="checkbox"/> Duncan Sandeman
Head of Programme Management Office (HPMO) <input checked="" type="checkbox"/> Nicky Palmer	Finance Business Partner, City Infrastructure, & Strategy, Planning & Regulatory Services (FBP-CI/SPR) <input checked="" type="checkbox"/> Tony Richardson
Head of Communications & Engagement (HCE) <input checked="" type="checkbox"/> Katy McRae	Finance Business Partner, Citizens & Community (FBP-CC) <input checked="" type="checkbox"/> Peter Langbein
Finance Business Partner, Corporate Services (FBP-CS) <input checked="" type="checkbox"/> Nick Dean	

## 8. Resolution to Exclude the Public

[Section 48, Local Government Official Information and Meetings Act 1987.](#)

**Note:** *The grounds for exclusion are summarised in the following table. The full wording from the Act can be found in [section 6](#) or [section 7](#), depending on the context.*

I move that the public be excluded from the following parts of the proceedings of this meeting, namely the items listed overleaf.

Reason for passing this resolution: a good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

### **Note**

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):
- (a) Shall be available to any member of the public who is present; and
  - (b) Shall form part of the minutes of the local authority.”

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PUBLIC INTEREST CONSIDERATION	POTENTIAL RELEASE REVIEW DATE AND CONDITIONS
7.	CONSIDERATION OF THE COUNCIL'S DRAFT ANNUAL PLAN 2025/26				
	ATTACHMENT C - DRAFT ANNUAL PLAN 2025/26 REPORT 12 FEBRUARY 2025 (THIS ATTACHMENT IS TO BE PUBLIC-EXCLUDED UNTIL AFTER THE PUBLICATION OF THE COUNCIL DRAFT ANNUAL PLAN 2025/26 AGENDA)	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	THE INFORMATION IN THE CURRENT DRAFT VERSION OF THE COUNCIL'S ANNUAL PLAN REMAINS SUBJECT TO CHANGE. PREMATURE RELEASE OF THIS INFORMATION COULD PREJUDICE THOSE PEOPLE AND ENTITIES THAT MAY BE AFFECTED BY ANY CHANGES MADE WHICH WOULD NOT BE IN THE PUBLIC INTEREST.	12 FEBRUARY 2025  THE DRAFT ANNUAL PLAN WILL BE PUBLISHED IN THE COUNCIL AGENDA FOR ITS MEETING COMMENCING 12 FEBRUARY 2025.
9.	PUBLIC EXCLUDED AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES - 6 DECEMBER 2024			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
10.	CYBER SECURITY REPORT	S7(2)(C)(I)	PROTECTION OF SOURCE OF INFORMATION	DISCLOSURE OF OUR APPROACH TO CYBER SECURITY WILL INCREASE THE RISK OF COUNCIL BEING A TARGET, RESULTING IN POTENTIAL SERVICE DISRUPTIONS AND / OR INFORMATION BREACHES THAT WILL NOT BE IN THE PUBLIC INTEREST.	30 MARCH 2026  THIS REPORT MAY ONLY BE RELEASED IF THE CHIEF EXECUTIVE OFFICER HAS DETERMINED THAT THERE ARE NO LONGER ANY REASONS UNDER THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND

					MEETING ACT TO WITHHOLD THE INFORMATION.
11.	INSURANCE UPDATE	S7(2)(B)(II), S7(2)(H), S7(2)(I)	PREJUDICE COMMERCIAL POSITION, COMMERCIAL ACTIVITIES, CONDUCT NEGOTIATIONS	COUNCIL'S INSURANCE STRATEGY MUST REMAIN CONFIDENTIAL IN ORDER TO PROTECT OUR POSITION WHEN UNDERTAKING ANNUAL POLICY RENEWALS. RELEASE OF THIS INFORMATION WOULD PUT COUNCIL AT A DISADVANTAGE WHEN SEEKING INSURANCE COVER AT A REASONABLE COST AND WILL NOT BE IN THE PUBLIC INTEREST.	30 JUNE 2027  THIS REPORT MAY BE RELEASED AFTER THE END OF THE 2026/27 COVER YEAR, HOWEVER SPECIFIC DETAILS AROUND FINANCIALS AND TERMS MUST REMAIN CONFIDENTIAL.
12.	PARAKIORE	S7(2)(I)	CONDUCT NEGOTIATIONS	THE REPORT CONTAINS SPECIFIC INFORMATION PERTAINING TO ONGOING NEGOTIATIONS BETWEEN COUNCIL AND EXTERNAL PARTIES AND PUTTING THE INFORMATION IN THE PUBLIC DOMAIN COULD COMPROMISE THE NEGOTIATIONS AND WILL NOT BE IN THE PUBLIC INTEREST.	31 DECEMBER 2026  WITH THE APPROVAL OF THE CHIEF EXECUTIVE AT THE CONCLUSION OF THE DEFECT LIABILITY PERIOD FOR PARAKIORE RECREATION AND SPORTS CENTRE
13.	RISK AND ASSURANCE QUARTERLY UPDATE	S7(2)(A), S7(2)(E)	PROTECTION OF PRIVACY OF NATURAL PERSONS, PREVENTION OF MATERIAL LOSS	DISCLOSURE OF THE COUNCIL'S APPROACH TO REMEDIAL ACTIONS COULD RESULT IN SERVICE DISRUPTIONS AND OR / THE BREACH THE PRIVACY OF NATURAL	1 AUGUST 2025  ONCE THE REMEDIAL ACTIONS HAVE BEEN IMPLEMENTED AND APPROPRIATE REDACTIONS HAVE

				PERSONS WHICH OUTWEIGHS THE PUBLIC INTEREST.	BEEN MADE WHICH PROTECT THE PRIVACY OF INDIVIDUALS.
14.	AUDIT MANAGEMENT REPORT 2024	S7(2)(C)(I)	PROTECTION OF SOURCE OF INFORMATION	DISCLOSING THE INFORMATION IN THIS REPORT WILL UNREASONABLY EXPOSE INFORMATION ON THE CHRISTCHURCH CITY COUNCIL'S INTERNAL SYSTEMS AND COULD COMPROMISE THE SUPPLY OF SIMILAR INFORMATION AND IT IS IN THE PUBLIC INTEREST THAT THIS INFORMATION CONTINUES TO BE SUPPLIED.	10 FEBRUARY 2026 AFTER THE CONCLUSION OF THE REVIEW OF CCC INTERNAL SYSTEMS.