

Annual Plan Workshop - Council

NOTES ATTACHMENTS

Date:Thursday 6 November 2025

Time:10.31 am

Venue:Camellia Chambers, Level 2, Civic Offices,
53 Hereford Street, Christchurch

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Annual Plan 2026/27

Council Workshop

Thursday 6 November 2025

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- Capital Programme Review
- Financial Update
- Process / Next Steps

Annual Plan 2026/2027

Corporate Planning & Performance

Purpose of Annual Plan 2026/27

AP 2026/27

- Due June 2026
- One year planning and budgeting horizon
- Key milestone is broad consensus from Council by mid-December 2025
- Enables staff to prepare a draft for early February 2026
- Unlikely to be impacted by most reforms
- Not subject to audit (unless LTP is amended)

LTP 2027

- Commences early 2026, due June 2027
- 10-30 year horizon
- Council to provide strategic direction:
 - updates to Community Outcomes, IS and FS, LOS and capital review, financial parameters.
- Significant wave of reforms – LG space
- Detailed review by Audit NZ

Option Summary – we need your input

Annual Plan consultation = optional



- consultation is optional
- can consider non-material actions carried over from AP
- can be finalised quickly
- no audit requirement

Annual Plan with consultation



- allows variations to the LTP (for example, amending the capital programme)
- can include carry over actions
- involves consultation
- no audit requirement

Annual Plan with LTP amendments



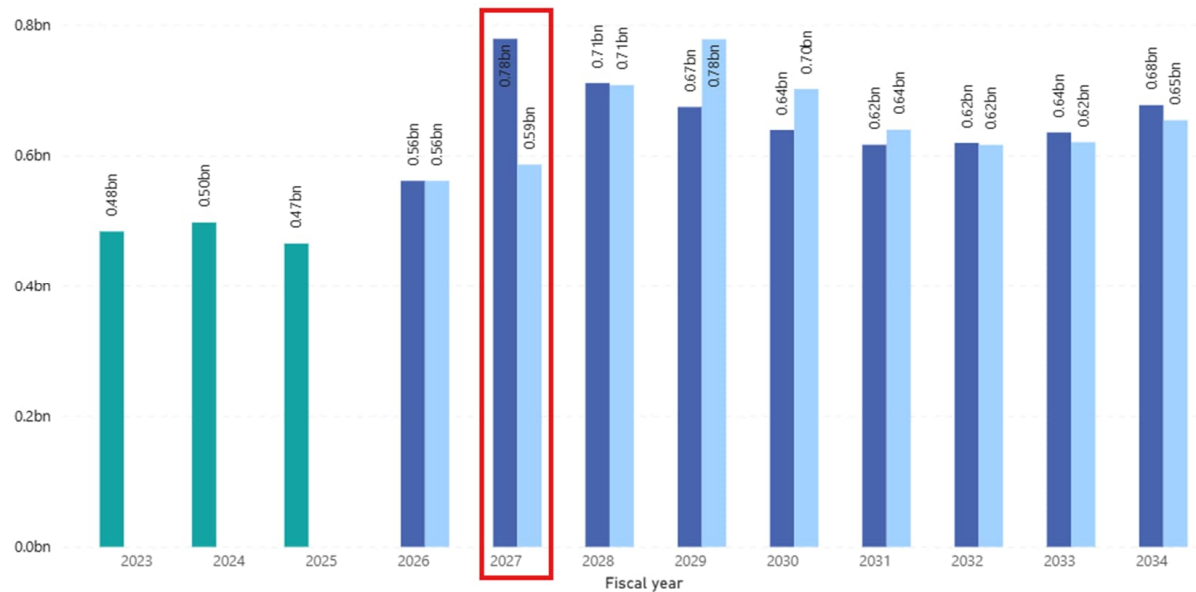
- Can amend LTP components
- SCP must be used
- requires unplanned and unbudgeted resources
- audit is required (if available)
- Cannot amend entire LTP

Capital Programme Review

Capital Programme Review – Current v Proposed Position

Current vs. Proposed Budget

● Actual ● Current ● Proposed



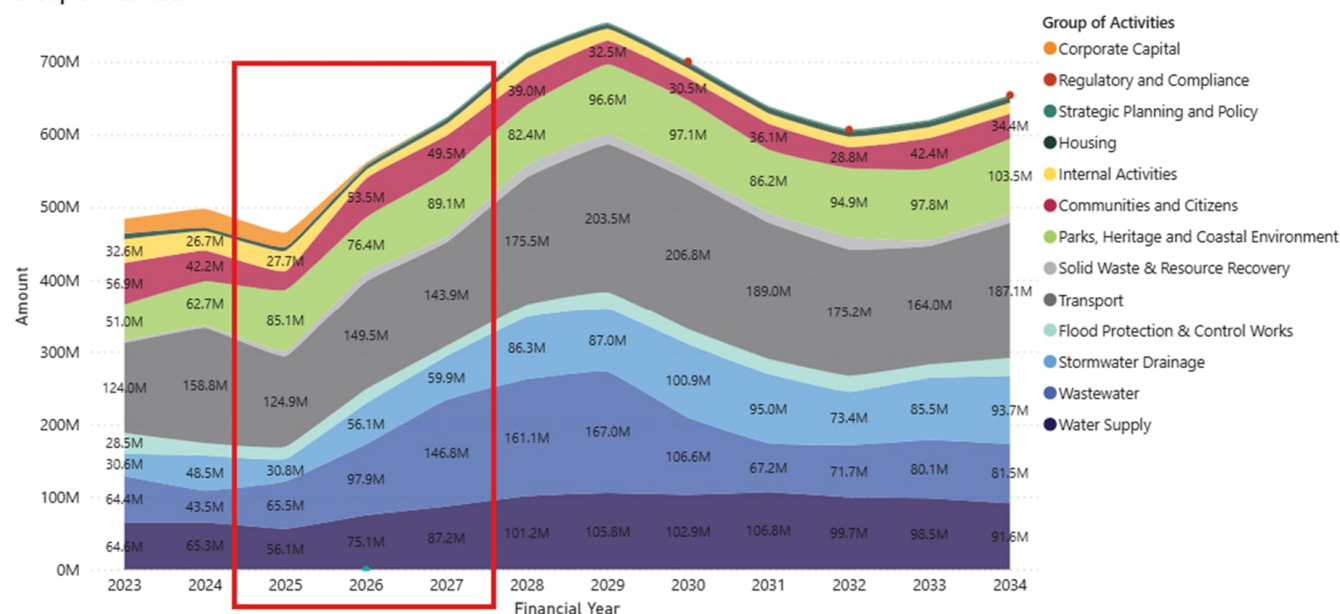
2023 – 2025 shows the actual capital expenditure. 2026 onwards shows the capital budgets.

2027 Current Budget: \$778.8m
2027 Proposed Budget: \$586.2m*
Average Spend 2023-25: \$490.0m

*includes \$42m for Activated Sludge

Capital Programme Review – Group of Activities

Group of Activities



2023 – 2025 shows the actual capital expenditure. 2026 onwards shows the capital budgets.

The activities with a significant increase from 2025 to 2027 are Water Supply (55%), Wastewater (124%), Stormwater Drainage (94%) and Transport (15%). Capex cumulative inflation for 2026 – 2027 is 7.0%

Finance Update

Projected Rates Increases

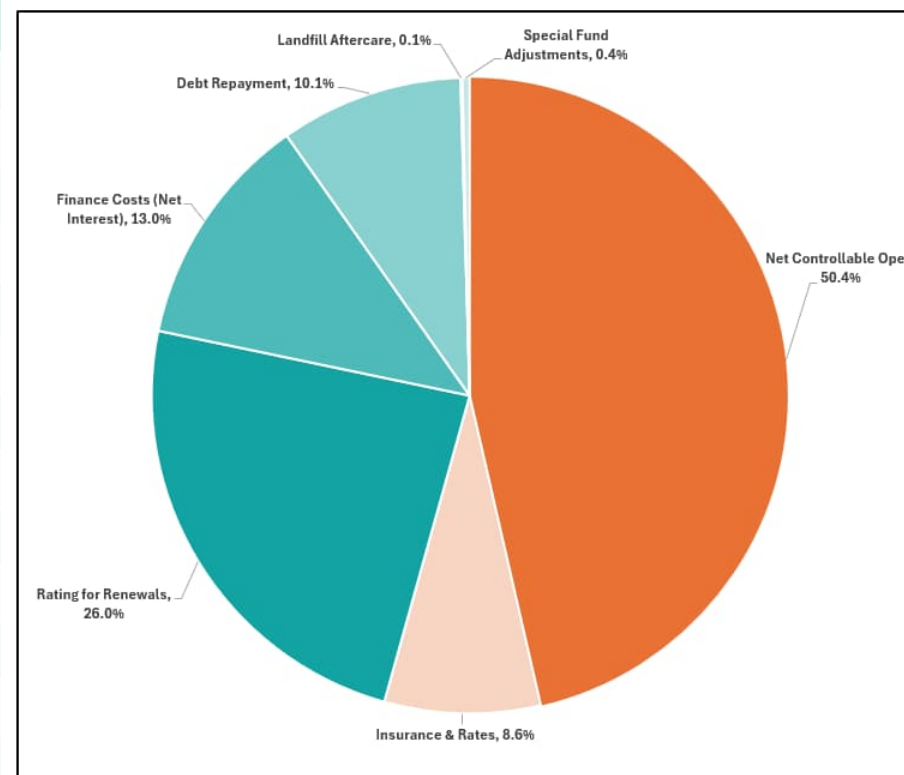
	2026/27	2027/28	2028/29
2026 Annual Plan Rates Increase	10.52%	9.11%	5.73%
Changes incorporated in budget build (primarily insurance)	(0.4%)	0.4%	0.3%
2024/25 capex under spend (\$63m lower capex in 2024/25)	(0.6%)	0.0%	0.0%
2025/26 capex under spend assumed \$30m (v \$60m forecast)	(0.3%)	0.0%	0.0%
Initial Build Rates Increase	9.2%	9.5%	6.0%
Potential completion of Cathedral rate	0.1%		-0.1%
Possible Rates to achieve balanced budget		0.8%	-0.8%
Proposed capex deliverability review	(0.7%)	(0.9%)	0.5%
Potential Rates Increase	8.6%	9.4%	5.6%

Projected Rates Increases

Driver	2026/27	2027/28	2028/29
Inflation (based on BERL 3.1% Opex & 3.4% Capex for 2026/27)	2.96%	2.67%	2.25%
Capital Programme	2.83%	3.87%	2.76%
Rating for Renewals	2.78%	3.00%	1.79%
Use of 2024/25 Surplus	2.06%	0.00%	0.00%
Te Kaha Capital Project	1.02%	0.00%	0.00%
Climate Resilience Fund	0.25%	0.25%	0.25%
Operational Expenditure	(0.03%)	0.88%	1.18%
Corporate items (subvention receipts, dividends, interest, debt repayment)	(1.65%)	(0.16%)	(1.26%)
Rating Growth	(1.00%)	(1.00%)	(1.00%)
Potential Rates Increase	9.22%	9.51%	5.97%

Projected Rates Breakdown 2026/27

	\$m	%
Rating for Opex		
Net controllable opex expenditure	455.5	50.4%
Insurance & Rates	78.2	8.6%
Dividends & Subvention Receipts	(78.0)	(8.6%)
Total Rating for Opex	455.7	50.4%
Rating for Capex		
Rating for Renewals	235.4	26.0%
Finance Costs (Net Interest)	117.5	13.0%
Debt Repayment	91.8	10.1%
Landfill Aftercare	0.5	0.1%
Special Fund Adjustments	4.0	0.4%
Total Rating for Capex	449.2	49.6%
Total	904.9	100.0%



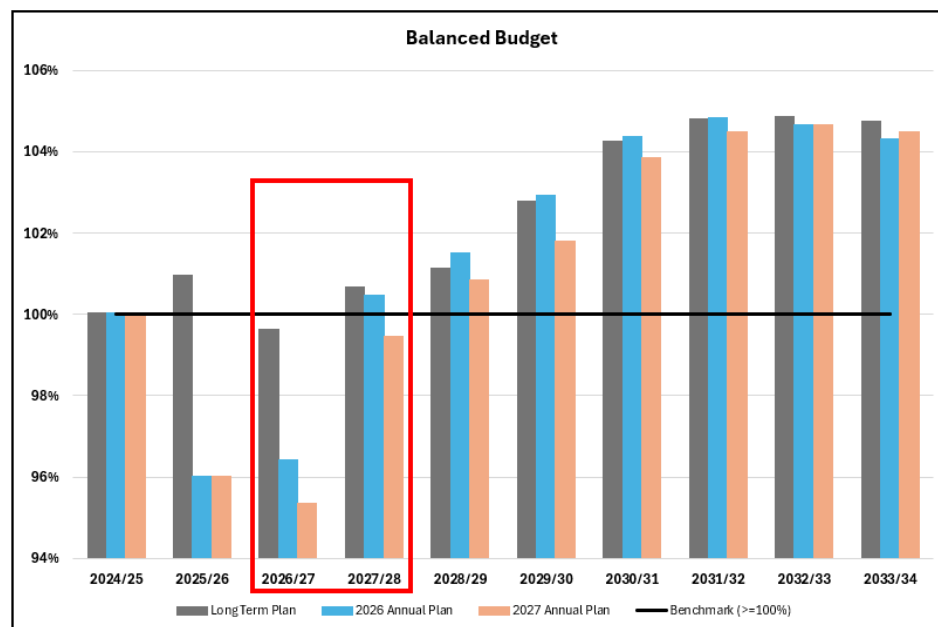
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Rates Impact 2026/27

\$8.3m of Opex
1.0% rates impact

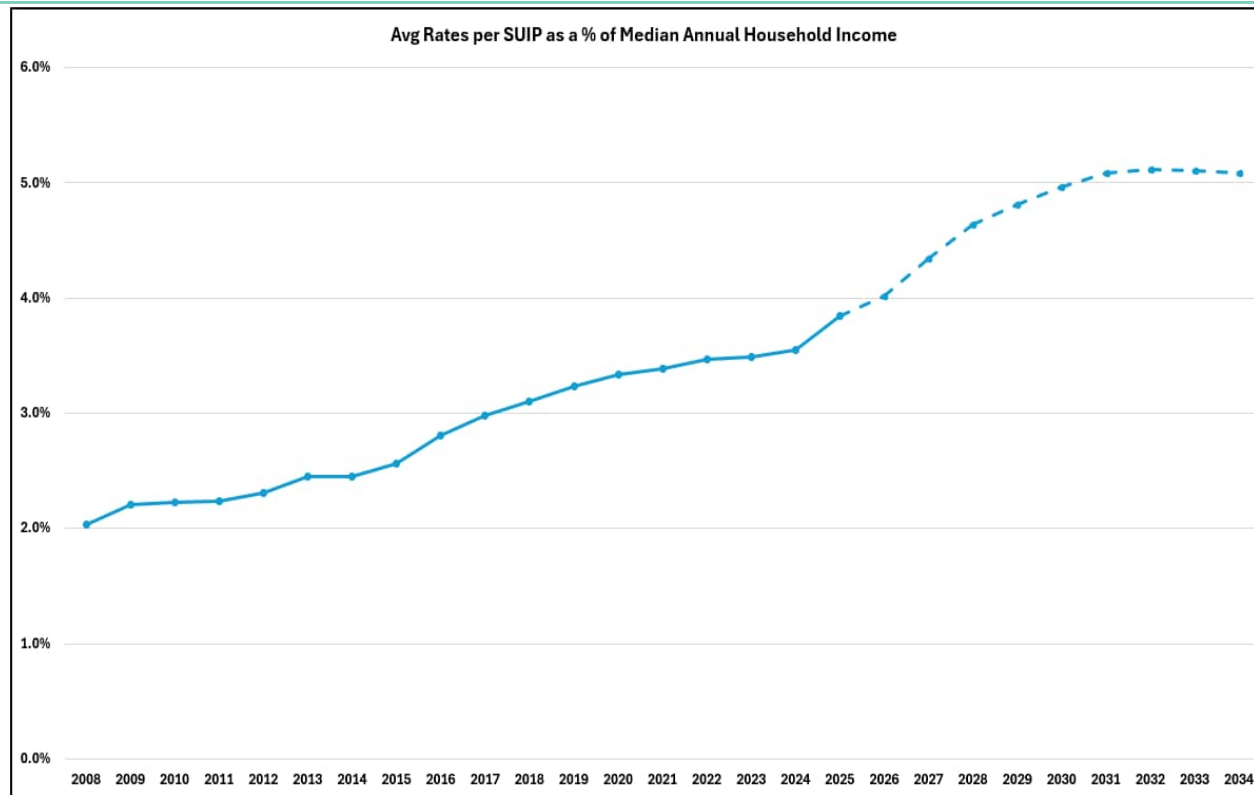
\$112m Borrowing (Capex)
0.27% rates impact in 2026/27
and 0.73% rates impact in 2027/28.

Balanced Budget Benchmark



- 2026/27 remains unbalanced (95.3%). The balanced budget shortfall is \$61.4m
- 2027/28 is forecast to be unbalanced (99.5%). The balanced budget shortfall is \$7.3m.
- Deterioration primarily been driven by higher depreciation due to revaluations.
- To address the balanced budget shortfall e.g. via increasing rating for renewals, rates would need to increase by 0.8% by 2027/28.

Projected Rates Increases – Rates as a % of Household Income



Rates Capping

- We don't know what rates capping is going to look like yet.
- If a rates cap were introduced Council may need to identify significant cost savings or other revenues
- For example a 5.0% rates cap commencing from 2027/28 would require an Opex budget reduction of 6 – 12% from current levels.

Rates Revaluations

- Revaluations are currently underway.
 - The revaluations will be dated 1 August 2025.
 - The revaluations will be issued in January 2026.
 - Objections to the revaluations will be required by March 2026.
 - The revaluations will be used from 1 July 2026.
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- The revaluations may change the incidence of rating between areas and/or sectors.

Process / Next Steps

Annual Plan workshops

- 12 November ('free range session')
- 20 November
- 27 November
- 4 December
- 11 December (key milestone)

10 February 2026 – adopt draft Annual Plan

Late February – late March – consultation

Hearings (dates TBC)

May – Council workshops

23 June 2026 – adoption of final AP.