
Workshop - Council

NOTES

Date: Tuesday 9 December 2025
Time: 11.03 am
Venue: Camellia Chambers, Level 2
53 Hereford Street, Christchurch

Present

Chairperson	Councillor Sam MacDonald
Deputy Chairperson	Councillor Jake McLellan
Members	Mayor Phil Mauger
	Deputy Mayor Victoria Henstock
	Councillor David Cartwright
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor Kelly Barber
	Councillor Celeste Donovan – by audiovisual link
	Councillor Tyrone Fields – partially by audiovisual link
	Councillor Tyla Harrison-Hunt
	Councillor Nathaniel Herz Jardine
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Andrei Moore
	Councillor Mark Peters
	Councillor Tim Scandrett

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The agenda was dealt with in the following order.

1. Apologies Ngā Whakapāha

An apology for partial absence was received from Councillor Fields.

Councillor Donovan left the workshop at 11.26 am and returned at 11.27 am.

The Mayor left the workshop at 11.57 am and returned at 1.24 pm.

Councillor Harrison-Hunt left the workshop at 12.13 pm and returned at 1.19 pm.

Councillor Fields left the workshop at 11.50 am and returned at 1.34 pm.

2. Rates Capping

Presented by Bede Carran – GM Finance, Risk & Performance / CFO, Bruce Moher – Head of Finance, Mitchell Shaw – Principal Advisor Finance, Tom Lee – Principal Advisor Policy.


- 1.1 Staff provided a presentation about the proposed rates capping policy (see **Attachment A** to item 2).
- 1.2 On 1 December 2025, the Government announced a proposed rates capping policy limiting annual rates increases to between 2% and 4%. The proposed cap excludes water charges, water targeted rates, and non-rates revenue. Staff noted that the Council is required to have financially sustainable and ring-fenced water service delivery by 30 June 2028.
- 1.3 A transition phase for rates capping is proposed to begin in January 2027, with full implementation from 1 July 2029. Exceptions could be granted in extreme circumstances, such as a global financial crisis or natural disaster. Legislation is expected in mid-2026.
- 1.4 It is unclear whether the proposed cap applies to nominal increases (total change in rates revenue, including growth) or existing ratepayers (change in rates revenue excluding growth), whether it is applied to individual rates or total rates revenue, how the rates cap base is calculated, what the transition phase means in practice, how any changes to the structure of local government would be accounted for, and what would qualify for temporary adjustment after 1 July 2029. Staff currently view the cap as nominal and based on overall rates revenue. However, further clarification on all points is needed from Central Government.
- 1.5 Staff presented indicative rates cap modelling based on the draft 2026/27 Annual Plan, assuming an 8.5% increase to existing ratepayers (9.6% nominal), with the cap applied as a nominal percentage increase on the prior year's rates budget, excluding water services. The modelling assumed no impact on the Council's credit rating or interest rates.
- 1.6 Modelling shows that the lower the cap the greater the reduction in rates revenue over time. A 4% cap starting in 2027/28 would require a reduction of \$122.4 million by 2034, while a 2% cap would require a \$205.6 million reduction. The cumulative effect is significant. Earlier implementation increases the required savings. Permanent cost reductions or alternative funding sources would be essential, as temporary measures will not suffice.
- 1.7 Staff noted the modelling results are assumed positions and will require rework to align with any further Central Government legislation / policy updates.

- 1.8 Staff canvased three methods of addressing the rates cap: reducing operational expenditure (opex) or increasing fees and charges; reducing capital expenditure (capex) or increasing capital revenue; and increasing borrowing or reducing rating for renewals:
- Reducing opex or increasing fees and charges would directly reduce the rates requirement dollar-for-dollar, with no material impact on the balanced budget. However, changes would need to be permanent, or savings would need to be “re-found” in the following year. Addressing shortfalls solely through fees and charges would require significant increases which could affect demand. Reducing opex would reduce debt headroom by \$2.80 for every \$1 cut. Increasing fees and charges would not impact debt headroom.
 - Reducing capex or increasing capital revenue lowers rates requirements by reducing interest and debt repayment costs, with most benefits occurring in the following year. However, capex reductions alone cannot meet the proposed cap as this would require a negative capital programme by 2034. Lower capex improves debt headroom but does not affect the balanced budget calculation.
 - Increasing borrowing or reducing rating for renewals can reduce rates requirements in the short term but increases future costs through interest and debt repayments, which would also raise the amount of future savings or reductions needed. If it was the only method used to meet the proposed cap it would create an unbalanced budget for the remainder of the LTP period. It would also significantly reduce debt headroom, limiting the Council’s ability to borrow for major events.
- 1.9 Staff noted that:
- The introduction of a rates cap poses risks to the Council’s credit rating. It also threatens the ability to fully rate for renewals by 2032, as the current Financial Strategy assumes increases above 4%. Lower rates increases in the 2026/27 Annual Plan will require greater savings later, because of the cumulative impact of the proposed cap.
 - The Council collects GST on rates and development contributions for central government. If the Council could retain this GST, it might affect the ability to claim input credits. If GST was not charged on rates this would only benefit residential rate payers.
- 1.10 Central Government has opened limited and targeted consultation which closes on 4 February 2026. The focus of the consultation is on whether the proposed 2–4% range is appropriate. However, there is limited information available. The Government’s methodology is based on CPI and GDP assumptions which staff have concerns about.
- 1.11 Submission drafting is underway. Staff proposed that it:
- Raise concerns with the methodology and highlight the risks of caps, including the inability to ensure service standards or meet spending on core services.
 - Support more regional flexibility and the use of alternative inflation measures such as BERL.
 - Note the risk of underinvestment, the need for new funding sources, and potential Central Government assistance such as GST removal or Crown paying rates.
 - Draw on experiences of rate capping in other jurisdictions.
- 1.12 Elected members discussed possible additional inclusions to the submission. Some noted that, where possible, data and examples should be used to support the

submission. For example, including the Council's per capita rating compared to other councils, quantifying the Council's spend on non-core services, how a cap would impact ratings for renewals, and the impacts of any changes in credit rating. Some also noted the submission could highlight the cost of unfunded mandates from Central Government, the still ongoing costs to the Council of the earthquake and note the complications of introducing a cap at the same time as the proposed restructuring of local government.

- 1.13 The draft submission will be presented at a Council workshop on 20 January 2026, with final approval and lodging on 4 February 2026.

Attachments

- A Workshop - Annual Plan 9 December 2025 - Rates Capping Presentation 

The workshop adjourned at 12.21 pm and reconvened at 1.19 pm.

The Mayor and Councillors Coker, Fields and McLellan were not present when the workshop reconvened but rejoined at 1.24 pm.

Councillor Fields rejoined the workshop at 1.34 pm.

3. Annual Plan 2026/27

Presented by Peter Ryan – Head of Corporate Planning & Performance, Mitchell Shaw – Principal Advisor Finance, Matthew Pratt – Principal Policy Advisor.

- 1.1 Staff gave a presentation seeking feedback to inform the Annual Plan 2026/27 report for the Finance and Performance Committee meeting on 17 December 2025. The presentation covered issues raised at the Annual Plan workshops held on 19 and 27 November 2025 and outlined potential savings for the Annual Plan 2026/27. The presentation also covered potential savings to be considered in the Long Term Plan 2027-2037 and the cathedral targeted rate. (See **Attachment A** to item 3.)

Discussion

- 1.2 The workshop discussed the following matters:
- The deliverability of the capital programme proposed by staff.
 - The reasons for the realignment of the Three Waters capital programme, with elected members requesting assurance that this would not impact levels of service.
 - The ability of staff to use part of the land for the Te Pā o Rakahautū development for a temporary dog exercise area in Diamond Harbour (outside of the Annual Plan process).
 - The inclusion of a question around the Council's role in housing in the Annual Plan consultation document to inform further discussions during the Long Term Plan 2027-2037 process, noting that the Annual Plan Consultation Document could include a question but not a proposal on this matter.
 - Progressing work on improving traffic flow (e.g. green light arrows at intersections) noting that this did not need to be dealt with via the Annual Plan.

Direction

- 1.3 Elected members provided direction to inform the report to be presented to the Finance and Performance Committee on 17 December 2025. That report is the opportunity for the Council to consider, debate and vote on the proposed draft plan to be prepared by staff for consideration in February 2026.
- 1.4 In relation to issues raised at the Annual Plan workshops on 19 and 27 November 2025, elected members provided guidance agreeing with following staff recommendations and confirming that these matters did not need to be addressed in the proposed draft Annual Plan 2026/27:
- **Safe school crossing at South Hornby School, Hornby** – staff continue to work with the Community Board to finalise designs.
 - **School crossing upgrade at Hornby High, Hornby** - the Community Board work through their currently agreed Minor Safety Interventions Programme with staff to look at solutions to this request, which would then need to be prioritised / reprioritised. Should any solution not fit within that programme, funding be considered through the LTP.
 - **Safe school crossing at St Bernadettes, Hornby** - the Community Board work through their currently agreed Minor Safety Interventions Programme with staff to look at solutions to this request, which would then need to be prioritised / reprioritised. Should any solution not fit within that programme, funding be considered through the LTP.
 - **Older person advocate resource** – staff look at the availability of existing resources through reprioritisation.
 - **Reviewing the capital programme (deliverability vs budget)** – the draft Annual Plan to be proposed will be in line with the staff proposed capital programme presented at the workshop on 13 November 2025.
 - **Three Waters capital programme budget rephasing** - the draft Annual Plan to be proposed will be in line with the staff proposed capital programme presented at the workshop on 13 November 2025.
 - **Housing affordability including first-time ownership** – the Annual Plan will seek community views regarding the Council’s role in housing to inform the LTP. This would not be a proposal.
 - **Housing for older persons scoping study (accessible and affordable rentals)** – the Annual Plan will seek community views regarding the Council’s role in housing to inform the LTP. This would not be a proposal.
 - **Homelessness city wide strategy** – the Annual Plan will seek community views regarding the Council’s role in housing to inform the LTP. This would not be a proposal.
 - **Lyttelton Museum** – Defer the request from the Lyttelton Museum for funding to the 2027-2037 LTP.
 - **Diamond Harbour dog exercise area** – Staff will continue work to identify a suitable location. Consideration should be given to adding budget for the development of a dog park in the LTP.

- **Waltham playground renewal and toilet facility** – the playground renewal should go ahead as scheduled. Toilet refurbishment (other than CPTED modifications) could be considered via a later plan. The Community Board could substitute during the year.
- 1.5 The workshop noted that discussion on **iconic buildings** would take place at the 16 December 2025 workshop as this did not directly impact the report to the Finance and Performance Committee on 17 December 2025.
- 1.6 Elected members provided the following direction in relation to proposed savings:
- **2026/27 Capital Programme Deliverability Review** – the draft Annual Plan proposed in the report should be in line with the staff proposed capital programme presented at the workshop on 13 November 2025.
 - **Grant funding review – Strengthening Communities Fund** – the draft Plan proposed in the report should not change the budget for the fund, which should remain inflation proofed at 2% per annum.
 - **Urban Development review** – the recommendation to transition urban development functions from ChristchurchNZ to Council and continue the function within existing budgets should be incorporated in the draft plan proposed in the report.
 - **Capital Endowment Fund** – the recommendation to apply the unallocated funds carried forward to 2026/27 to an eligible opex project should not be incorporated into the draft plan proposed in the report.
- 1.7 Elected members provided no direction in relation to the following proposed savings:
- **Grant Funding Review – Environmental Partnership Fund.**
 - **Climate Resilience Fund.**
 - **Use of analytical savings.**
- 1.8 Elected members requested further information on the following:
- **Grant Funding Review - Pro-rata reduction across all contestable grants** – details on the specific grants and their quantum (be provided at the Finance and Performance Committee meeting on 17 December 2025).
 - **Christchurch cathedral** – use of end of year surplus to meet the \$1.8 m required to reach the amount the Council resolved to provide to the reinstatement project.

Attachments

- A Workshop - Annual Plan 9 December 2025 Annual Plan Presentation 

Workshop concluded at 2.43 pm.