



**Long-Term Plan Workshop
ATTACHMENTS - UNDER SEPARATE COVER**

Date: Thursday 30 April 2026
Time: 9.30 am
Venue: Camellia Chambers, Civic Offices,
53 Hereford Street, Christchurch

TABLE OF CONTENTS NGĀ IHIRANGI	PAGE
2. Long Term Plan 2027 - 2037 Workshop	
A. 30 April Workshop slides	3

Long-term Plan 2027

30 April 2026

Updates to:
Financial Strategy
Infrastructure Strategy
Capital Programme Development

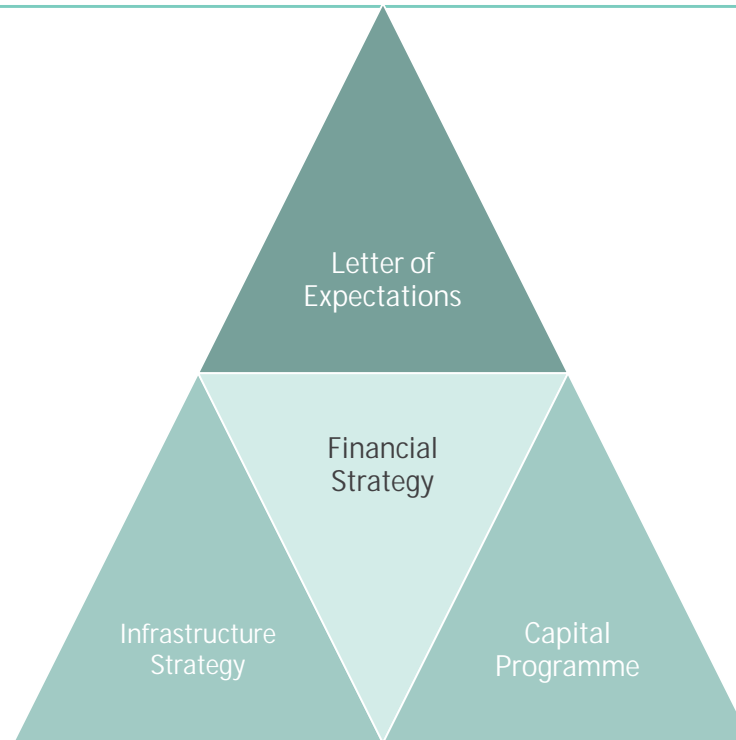
Overall LTP – next steps

Date	Content
Thursday 30 th April	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Initial guidance on updates to key strategies</i>
Thursday 7 th May	Workshop Level of Service Review
Thursday 14 th May	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Guidance on key questions</i>
Wednesday 20 th May	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework Level of Service Review and <i>Audit NZ Workshop (TBC)</i>
Thursday 28 th May	Workshop Level of Service Review
Thursday 4 th June	Workshop Level of Service Review
Thursday 11 th June	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Confirmation of guidance for content for 1st October</i> Level of Service Review
Thursday 1 st October	First full draft of Long Term Plan including ALL supporting documents
December 2026 (pre-Christmas)	Formal guidance on the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Long Term Plan
February 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Draft Long Term Plan
June 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Final Long Term Plan

Integrated approach

- Councillors will see related issues and questions across the FS, IS and capital programme development
- not a mistake
- the aim is to ensure that they are joined up (and stay joined up)
- accountabilities are clear, for example -
 - decisions on funding and financial levers are led by the FS
 - but will be raised by (and calibrated with) the IS and capital programme.

Integrated approach



Financial Strategy

Legislative purpose of FS

“ The purpose of the Financial Strategy is to meet the requirements of the Local Government Act 2002, by demonstrating how the Council will manage its revenues, expenses, assets, liabilities, and investments prudently over the long term, and ensure that the Long Term Plan is financially sustainable”

LGA 2002, ss 93, [101A](#), 102(2)).

Financial Strategy Principles

- The 2027-37 Financial Strategy is to be a refresh of the 2024-34 Financial Strategy, reflecting changes to the Council's operating/legislative environment and direction provided by Council, via the Letter of Expectation and workshops.
- Financial Strategy Principles:
 - Provide good stewardship of community assets and resources (*look after what we've got*)
 - Invest to support sustainable growth (*looking to the future*)
 - Take prudent and sustainable approaches to financial management (*long term focus*)
 - Provide value for money for our community (*affordability and deliverability*)

Financial Strategy

Financial Modelling

Content

- Opening Financial Modelling
- Controllable vs Non-Controllable
- Letter of Expectation – 6%, 5%, 4%
- 2026/27 Annual Plan Sensitivity
- Inflation Assumptions Sensitivity

Opening Financial Modelling

Key Definitions / Terms / Assumptions

- The base data used is the 2026/27 Draft Annual Plan, including outer year projections to 2034 (updated 2024 LTP).
- Waters Rates = Rates collected in relation to the Water Supply & Wastewater activities, via their respective targeted rates.
 - Rates for these activities collected via the general rate are not included.
 - Waters recovers the debt repayment on its borrowing via the general rate, all other funding requirements are captured within the targeted rate.
- Capital Programme expenditure reduced to \$500m per year plus inflation.
 - Waters capital expenditure (water supply & wastewater) \$145m.
 - Transport capital expenditure \$150m.
- NZTA capital revenue subsidy, prorata reduction in line with Transport Capital Programme expenditure.
- Inflation assumptions unchanged from 2026/27 Annual Plan, potential risk given current international situation.

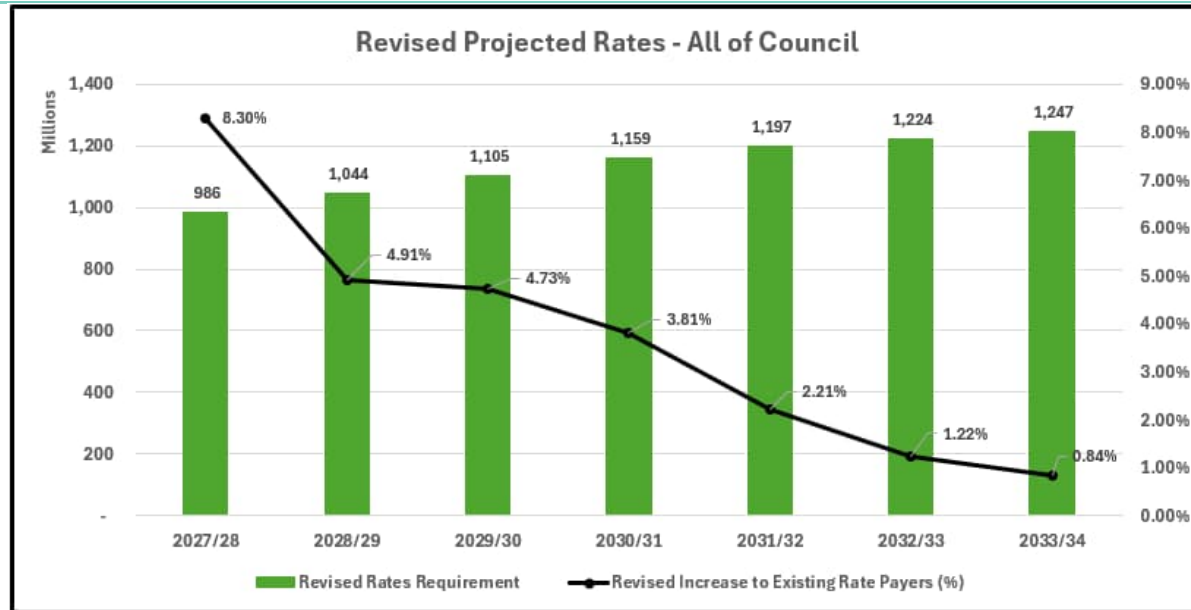
Budget - All of Council

\$m	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating Expenditure	761.3	782.8	806.9	820.9	841.5	861.0	871.8
Fees, Charges & Operational Revenues	(210.2)	(202.9)	(205.7)	(209.5)	(214.0)	(217.0)	(220.0)
Dividends & Subvention Receipts	(79.2)	(89.2)	(83.0)	(83.0)	(93.0)	(93.0)	(93.0)
Net Interest Expense	121.1	123.2	124.9	124.1	123.7	120.5	119.3
Debt Repayment	102.0	108.5	114.2	119.5	124.3	128.4	132.4
Capital Programme	515.0	528.4	541.6	554.1	556.2	578.7	590.9
Capital Revenues & Asset Sales	(53.5)	(55.3)	(41.9)	(66.7)	(56.7)	(67.4)	(59.5)
Climate Resilience Fund	6.4	8.8	11.3	14.0	16.8	19.7	22.7
Misc Other	(1.6)	5.5	(8.4)	10.1	(1.0)	(0.5)	(0.1)
Total Council Budget/Funding Requirement	1,161.3	1,209.7	1,259.9	1,283.5	1,307.9	1,330.5	1,364.5
Change in Funding Requirement	(65.7)	(145.6)	(222.2)	(171.0)	(112.9)	(93.6)	(70.8)

Rates Requirement - All of Council

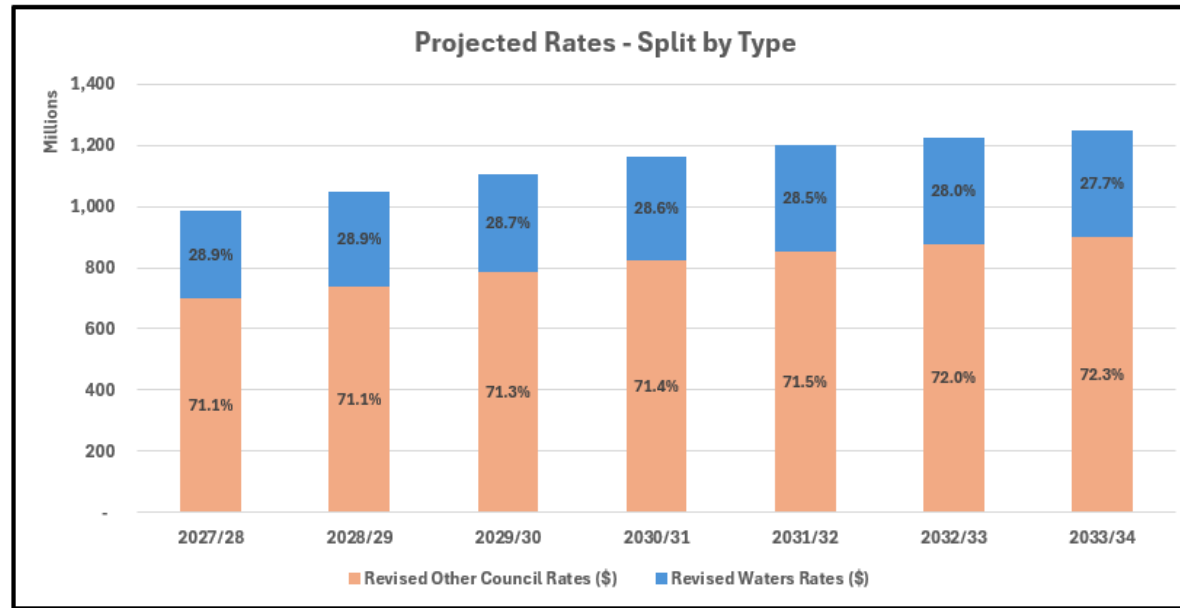
\$m	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating Expenditure	757.5	777.5	803.4	819.0	840.6	860.0	872.6
Fees, Charges & Operational Revenues	(210.2)	(202.9)	(205.7)	(209.5)	(214.0)	(217.0)	(220.0)
Dividends & Subvention Receipts	(79.2)	(89.2)	(83.0)	(83.0)	(93.0)	(93.0)	(93.0)
Rating for Renewals	279.6	310.7	339.9	368.9	388.2	396.7	405.1
Rating for Renewals – Interest Expense & Debt Repayment	(5.6)	(29.3)	(55.1)	(82.8)	(112.1)	(142.2)	(172.4)
Existing Debt Servicing	225.6	220.6	215.7	209.1	205.3	199.1	194.9
Capital Programme	13.4	55.7	97.7	139.9	187.1	228.1	270.5
Capital Revenues & Asset Sales	(1.3)	(6.6)	(11.4)	(15.9)	(21.2)	(26.7)	(32.6)
Climate Resilience Fund	6.4	8.8	11.3	14.0	16.8	19.7	22.7
Misc Other	(0.7)	(0.9)	(7.9)	(0.9)	(0.8)	(0.7)	(0.5)
Total Council Rates Requirement	985.5	1,044.3	1,104.9	1,158.8	1,196.8	1,224.0	1,247.2
Change in Council Rates Requirement	(3.1)	(20.1)	(38.5)	(49.7)	(51.9)	(58.8)	(62.0)

Projected Rates Increases



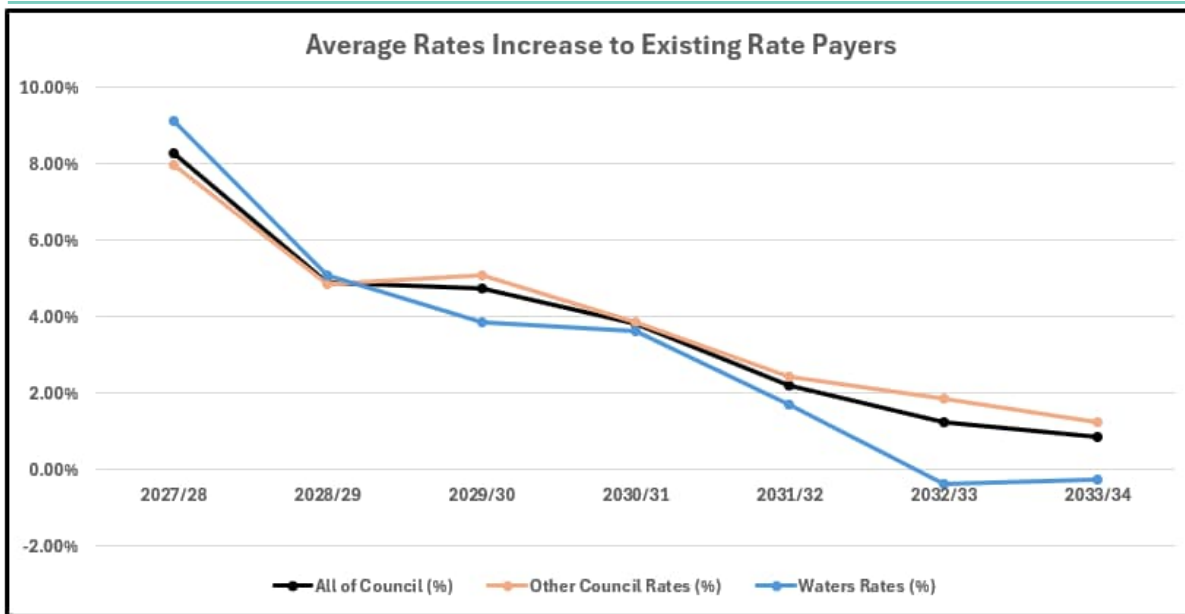
	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Draft AP Increase to Existing Rate Payers (%)	8.64%	6.60%	6.36%	4.65%	2.30%	1.72%	1.04%
Revised Increase to Existing Rate Payers (%)	8.30%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
Change	(0.34%)	(1.69%)	(1.62%)	(0.84%)	(0.09%)	(0.50%)	(0.21%)

Projected Rates Requirement – Split by Type



	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Waters Rates Requirement (\$m)	284.4	301.9	316.7	331.6	340.8	343.0	345.7
Other Council Rates Requirement (\$m)	701.1	742.4	788.2	827.2	856.0	881.0	901.5

Projected Rates Increases

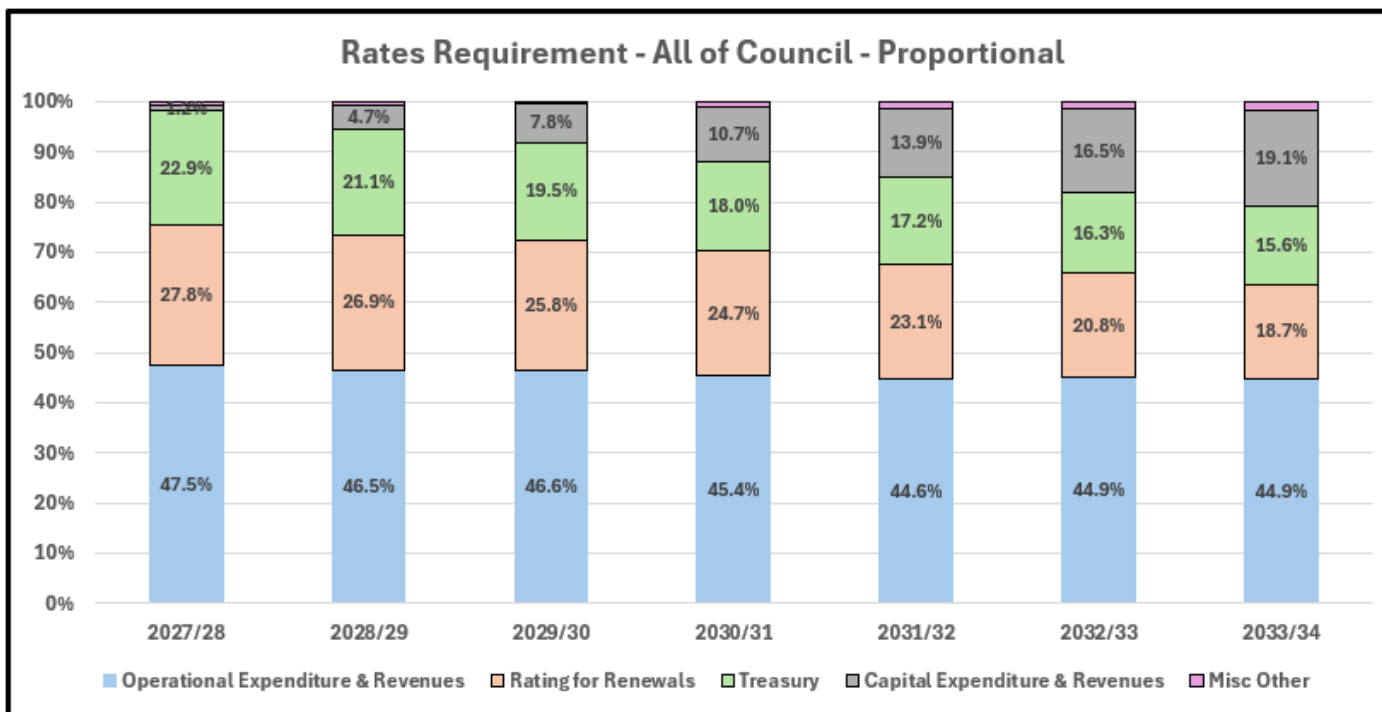


- Waters rates increases start higher than the rest of Council, due to receiving approximately 50% of the total Council’s rating for renewals, while only representing approximately 30% of the total Council’s rates.
- Long-term waters rates increases are lower than the rest of Council, due to the savings in interest and borrowings due to rating for renewals.

Average Increase to Existing Rate Payers	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
All of Council (%)	8.30%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
Waters Rates (%)	9.13%	5.09%	3.87%	3.64%	1.71%	(0.36%)	(0.25%)
Other Council (%)	7.97%	4.84%	5.09%	3.87%	2.42%	1.85%	1.26%

City Council ▼▼

Revised Rates Requirement - All of Council



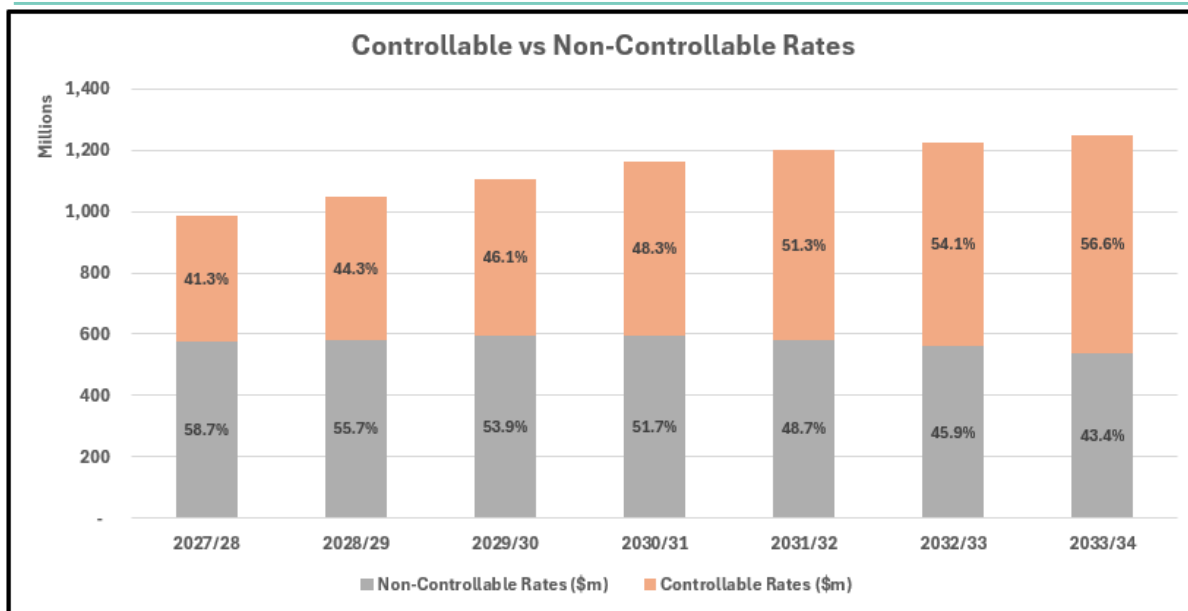
Over half of rates collected are to fund the Council's capital programme.

Controllable vs Non-Controllable Rates

Controllable vs Non-Controllable

- Not all costs/revenues that Council rates for can be easily modified or adjusted.
- Some items Council rates for, it has limited ability to influence / quickly change (non-controllable).
- Over a longer period of time all costs / revenue become controllable.
- For the following split, the following costs / revenues are considered non-controllable:
 - Rating for renewals.
 - Debt repayment / interest expenses on historic borrowing.
 - Dividends & subvention revenue.
 - Rates penalties.
 - Development contributions / levies.
 - Elected Member remuneration.
 - Insurance.
 - Rates on Council owned property.
 - Electricity.
 - Rating growth.

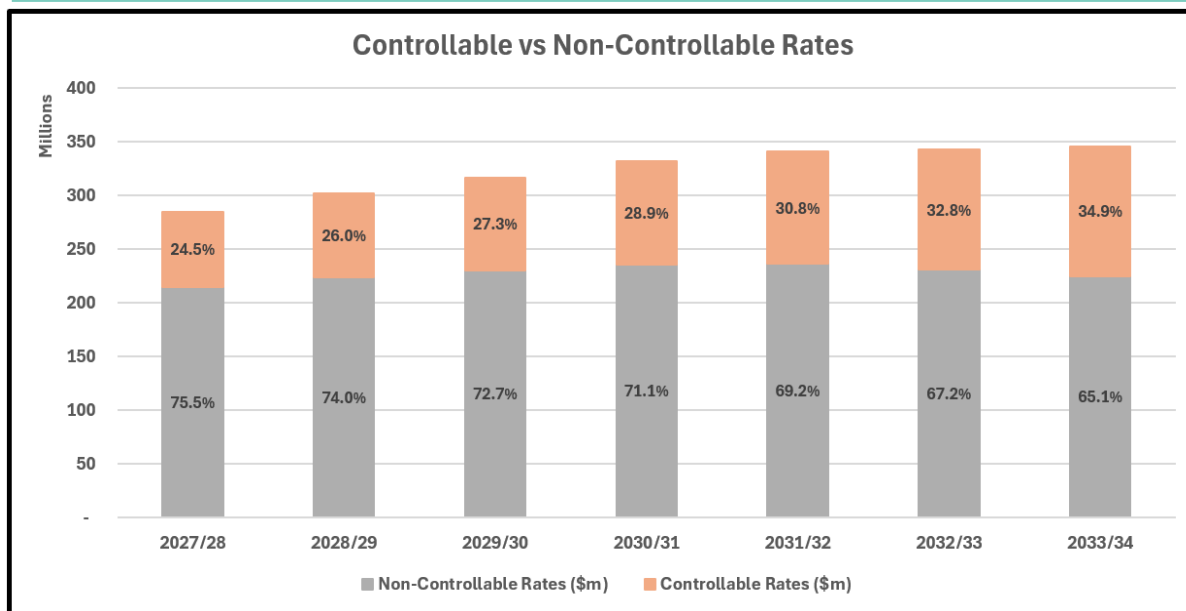
Controllable vs Non-Controllable Rates – All of Council



- Approximately half of the rates collected by Council are for costs it has limited short term control over.
- Meaningful savings will be difficult to achieve in the non-controllable rates, and may come with additional risk or future cost to Council.

	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Controllable Rates (\$m)	407.3	462.8	509.0	559.4	613.8	662.3	705.3
Non-Controllable Rates (\$m)	578.2	581.5	595.8	599.4	583.0	561.7	541.9

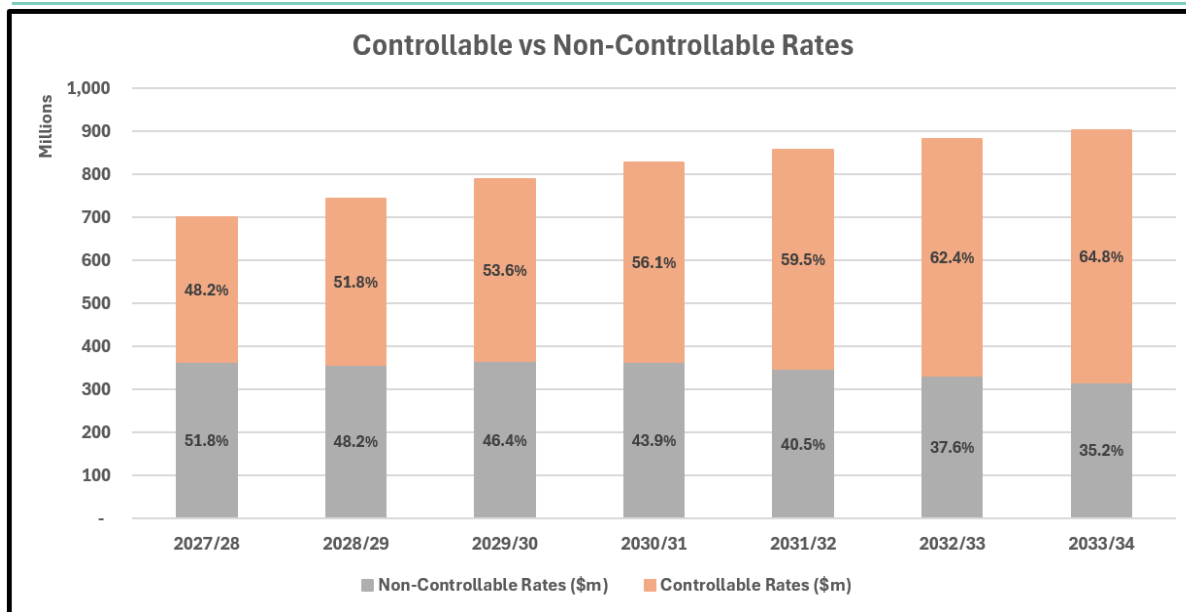
Controllable vs Non-Controllable Rates – Waters



- Rates collected for waters, are significantly less controllable than the overall Council average (30% vs 49%).
- Waters relatively has high insurance, rates and rating for renewals rating requirements compared to the rest of Council.

	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Controllable Rates (\$m)	69.6	78.4	86.6	95.7	104.8	112.5	120.8
Non-Controllable Rates (\$m)	214.8	223.5	230.1	235.9	236.0	230.5	224.9

Controllable vs Non-Controllable Rates – Other Council



- The rest of Council’s rates tends to be more “controllable” than waters (avg 60%).
- Within the controllable portion, some budgets may still be difficult to meaningfully adjust.

	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Controllable Rates (\$m)	337.7	384.4	422.4	463.7	509.0	549.7	584.5
Non-Controllable Rates (\$m)	363.4	358.0	365.8	363.5	347.0	331.3	316.9

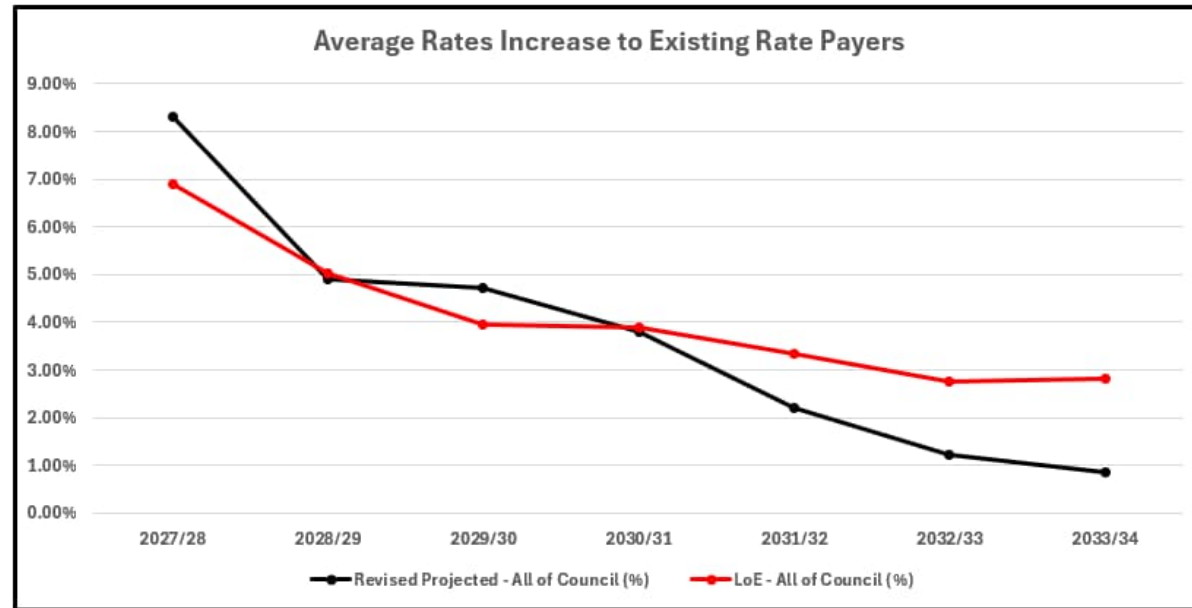
Letter of Expectation - 6%, 5%, 4%

LoE – Rates Impact – All of Council

- Impact of Other Council capped at 6%, 5% & 4% LoE trajectory, Waters uncapped.

\$m	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Letter of Expectation Rates Cap (%)	6.90%	5.03%	3.96%	3.90%	3.33%	2.75%	2.82%
Letter of Expectation Rates Cap (\$)	972.7	1,032.0	1,083.9	1,138.0	1,188.5	1,234.0	1,281.9
Waters Rates (Uncapped)	284.4	301.9	316.7	331.6	340.8	343.0	345.7
Other Council Rates Cap (6%,5%,4%)	688.3	730.1	767.2	806.4	847.7	890.9	936.2
Revised Projected Rates Requirement (%)	8.30%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
Revised Projected Rates Requirement (\$)	985.5	1,044.3	1,104.9	1,158.8	1,196.8	1,224.0	1,247.2
Headroom/ (Savings) Required (\$)	(12.8)	(12.3)	(20.9)	(20.7)	(8.3)	9.9	34.7
% of Controllable Rates (Other Council)	3.8%	3.2%	4.9%	4.5%	1.6%	1.8%	5.9%

LoE - Projected Rates Increases



Average Increase to Existing Rate Payers	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Revised Projected - All of Council (%)	8.30%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
LoE – All of Council (%)	6.90%	5.03%	3.96%	3.90%	3.33%	2.75%	2.82%

LoE – Rates Impact – All of Council

- Impact if the overall Council rates LoE trajectory is 6%, 5%, 4%.

\$m	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Letter of Expectation Rates Cap (%)	6.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Letter of Expectation Rates Cap (\$)	964.6	1,022.9	1,074.5	1,128.6	1,185.5	1,245.3	1,308.0
Revised Projected Rates Requirement (%)	8.30%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
Revised Projected Rates Requirement (\$)	985.5	1,044.3	1,104.9	1,158.8	1,196.8	1,224.0	1,247.2
Headroom/(Savings) Required (\$)	(20.9)	(21.3)	(30.4)	(30.1)	(11.2)	21.3	60.9
% of Controllable Rates (Other Council)	6.2%	5.6%	7.2%	6.5%	2.2%	3.9%	10.4%

Rates Increase to Existing Rate Payers	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
All of Council (%)	6.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Waters (%)	9.13%	5.09%	3.87%	3.64%	1.71%	(0.36%)	(0.25%)
Other Council Activities (%)	4.74%	4.93%	4.00%	4.06%	4.85%	5.68%	5.57%

2026/27 Annual Plan Sensitivity

2026/27 AP Sensitivity on Rates

\$m	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Revised Projected Rates Requirement (\$)	985.5	1,044.3	1,104.9	1,158.8	1,196.8	1,224.0	1,247.2
2026/27 AP = 7.96%							
Revised Projected Rates Increase (%)	8.30%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
Letter of Expectation Rates Cap (\$)	972.7	1,032.0	1,083.9	1,138.0	1,188.5	1,234.0	1,281.9
Headroom/(Savings) Required (\$)	(12.8)	(12.3)	(20.9)	(20.7)	(8.3)	9.9	34.7
% of Controllable Rates (Other Council)	3.8%	3.2%	4.9%	4.5%	1.6%	1.8%	5.9%
2026/27 AP = 6.00%							
Revised Projected Rates Increase (%)	10.29%	4.91%	4.73%	3.81%	2.21%	1.22%	0.84%
Letter of Expectation Rates Cap (\$)	955.3	1,013.8	1,065.0	1,118.4	1,167.9	1,212.6	1,259.7
Headroom/(Savings) Required (\$)	(30.2)	(30.5)	(39.8)	(40.4)	(28.8)	(11.4)	12.6
% of Controllable Rates	8.9%	7.9%	9.4%	8.7%	5.7%	2.1%	2.1%
Change in Savings Required (\$)	17.4	18.2	18.9	19.7	20.5	21.3	22.2

Inflation Assumptions Sensitivity

Inflation Assumption Sensitivity on Rates

\$m	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Current Assumptions							
Opex Inflation Assumption	2.50%	2.30%	2.20%	2.10%	2.10%	2.00%	1.90%
Capex Inflation Assumption	3.00%	2.60%	2.50%	2.30%	2.20%	2.20%	2.10%
Headroom/(Savings) Required (\$)	(12.8)	(12.3)	(20.9)	(20.7)	(8.3)	9.9	34.7
% of Controllable Rates (Other Council)	3.8%	3.2%	4.9%	4.5%	1.6%	1.8%	5.9%
High Inflation Assumption	5.00%	4.00%	3.00%	2.50%	2.00%	2.00%	2.00%
Headroom/(Savings) Required (\$)	(27.1)	(38.3)	(53.8)	(58.4)	(47.1)	(30.3)	(7.3)
% of Controllable Rates (Other Council)	8.0%	10.0%	12.7%	12.6%	9.2%	5.5%	1.3%
Medium Inflation Assumption	4.00%	3.00%	2.50%	2.00%	2.00%	2.00%	2.00%
Headroom/(Savings) Required (\$)	(21.1)	(25.2)	(36.2)	(35.9)	(23.2)	(5.2)	18.8
% of Controllable Rates (Other Council)	6.2%	6.6%	8.6%	7.7%	4.6%	0.9%	3.2%

Other FS & Modelling Considerations

- 2026/27 Inflation and subsequent impacts to budgets.
- Capital programme deliverability and prioritisation.
- Insurance risk.
- Heritage funding.
- One New Zealand Stadium at Te Kaha and Parakiore operating costs and recoveries.
- Rating for renewals.
- Maintaining a balanced budget.
- Maintaining sufficient debt headroom.
- Debt affordability.

FS – Next Steps

Date	Content
Thursday 30 th April Now Complete	Workshop Financial Strategy , Infrastructure Strategy and Capital Programme prioritisation framework <i>Initial guidance on updates to key strategies</i>
Thursday 14 th May	Workshop Financial Strategy , Infrastructure Strategy and Capital Programme prioritisation framework <i>Guidance on key questions</i>
Wednesday 20 th May	Workshop Financial Strategy , Infrastructure Strategy and Capital Programme prioritisation framework
Thursday 11 th June	Workshop Financial Strategy , Infrastructure Strategy and Capital Programme prioritisation framework <i>Confirmation of guidance for content for 1st October</i>
Thursday 1 st October	First full draft of Long Term Plan including ALL supporting documents
December 2026 (pre-Christmas)	Formal guidance on the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Long Term Plan
February 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Draft Long Term Plan
June 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Final Long Term Plan

Infrastructure Strategy

Legislative purpose of IS

S101B LOCAL GOVERNMENT ACT 2002

*“The purpose of the infrastructure strategy is to **identify significant infrastructure issues** for the local authority over the period covered by the strategy; and **identify the principal options for managing those issues and the implications of those options.**”*

Legislative purpose of IS

THIS MEANS IT NEEDS TO:

A

Name the structural issues that matter

Identify significant infrastructure issues for the Council over the next 30 years

B

Lay out the realistic options

Identify the principal options for managing those issues and the implications of those options

IN PLAIN TERMS

It provides a clear view of the significant infrastructure challenges facing the city over the next 30 years and gives Council a platform to provide guidance and direction to staff as they develop their LTP budgets and plans.

IT IS NOT

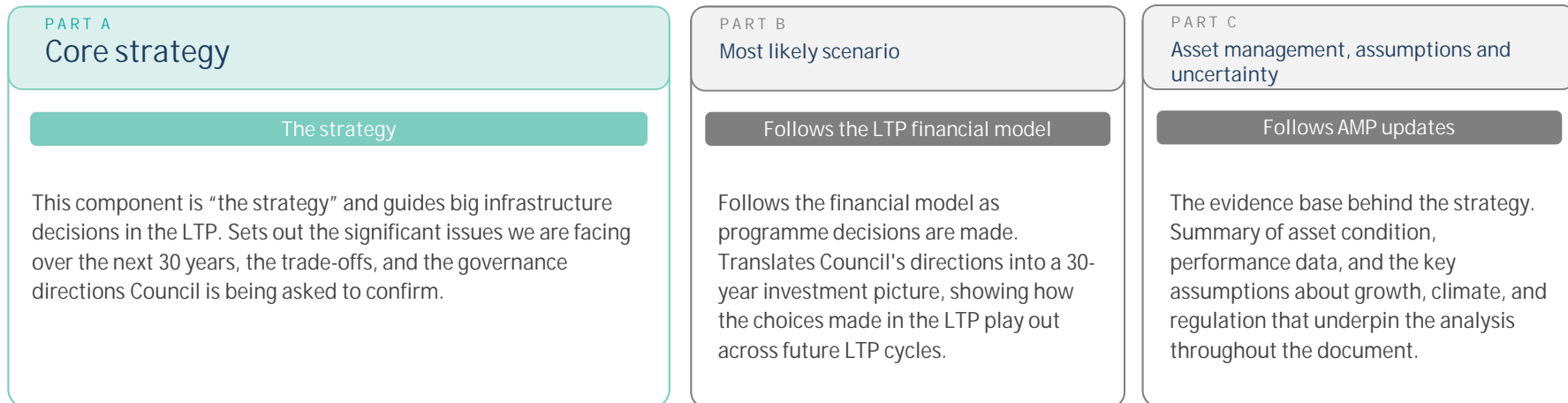
Not a capital programme. It does not set budgets, approve projects, or prescribe service levels. That work sits in the Financial Strategy, Activity Plans and Asset Management Plans.

Responding to the Letter of Expectations

LOE DIRECTION	HOW THIS IS RESPONDS
<p><i>The IS and Financial Strategy must be updated together and stay in step at all times.</i></p>	<ul style="list-style-type: none"> • Prepared alongside the FS • Where IS considerations have financial implications, these are worked through with the FS, not independently
<p><i>The IS should be updated so that assumptions, scenarios, and what Council plans to do in response align with the updated Financial Strategy.</i></p>	<ul style="list-style-type: none"> • The 6-5-4% trajectory is embedded • Where costs cannot fit within the envelope, the IS makes that tension visible. Those are the conversations Council needs to have
<p><i>Council would like to engage with and review updates to both strategies no later than 1 May 2026.</i></p>	<ul style="list-style-type: none"> • Part A, the core strategy, is ready for engagement. • Council is being asked to engage with the issues and begin providing direction, not to approve anything
<p><i>The LTP should build on the existing IS rather than starting from scratch.</i></p>	<ul style="list-style-type: none"> • Builds directly on the 2024–34 foundation, sharpened where the picture has changed, not reinvented • Governance considerations made more explicit, so the IS provides the clear direction to staff the LOE calls for

How the IS is structured

Part A is the “strategy”. The significant issues and the considerations. Parts B and C are the supporting documentation required by LGA 2002.



Developing the core strategy

Developing the core strategy

Over the next month, three sessions will work through the core strategy

Today is an introduction. The six significant issues on the next slide are the long-term structural pressures shaping some of the big decisions in this LTP. These are issues that will persist across the full 30-year horizon and require Council to weigh in on trade-offs that staff cannot resolve alone.

Over the coming weeks:

- **Workshop 2:** each significant issue in depth: the evidence, the implications for the programme, and the governance questions at hand.
- **Workshop 3:** recommended directions on each issue, worked through with Council to get the guidance needed to finalise the draft strategy.
- **Workshop 4:** confirm the Council's direction.

Six significant issues

Long-term structural pressures that require governance-level guidance

These significant issues will require guidance from Council.

1 Affordability & Funding Constraints

Our infrastructure needs must be met within the fiscal envelope of a rates cap.

2 Managing Renewals Across Generations

Our assets were built in concentrated periods. They will need replacing in concentrated periods too.

3 Climate Change & Hazard Exposure

Our infrastructure is now exposed to the effects of climate change.

4 Growth & Demographic Change

Growth creates opportunity. It also creates financial risk, and the two are hard to separate.

5 Regulatory Reform & Service Standards

Regulatory reform and standards are subject to central government direction and can change over short periods of time.

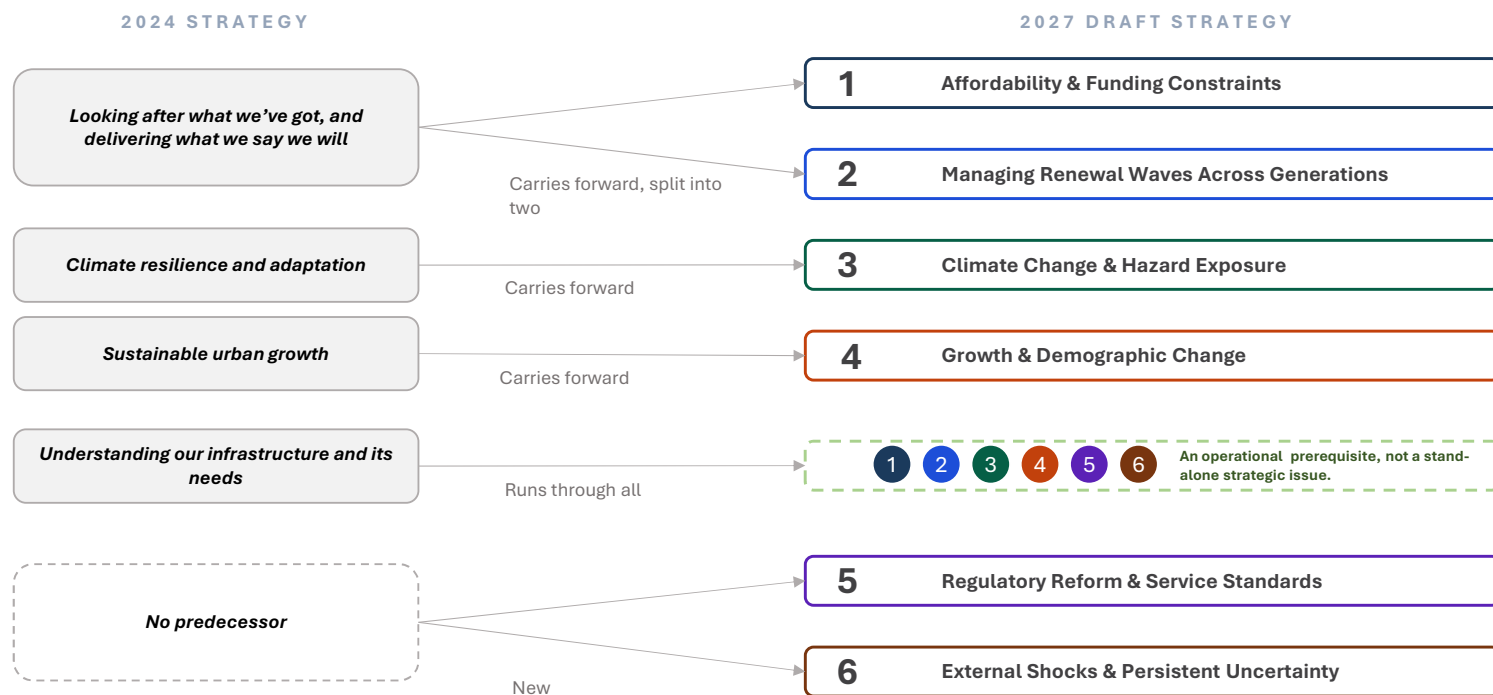
6 External Shocks & Persistent Uncertainty

We remain subject to external events and factors we do not control.

These will be worked through in more detail in upcoming workshops

How the 2024 themes carry into 2027

The challenges are the same. The framing is more direct.



Infrastructure Strategy – Next Steps

Date	Content
Thursday 30 th April Now Complete	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Initial guidance on updates to key strategies. Draft IS supplied prior to 14 May workshop.</i>
Thursday 14 th May	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Guidance on key questions</i>
Wednesday 20 th May	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework
Thursday 11 th June	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Confirmation of guidance for content for 1st October</i>
Thursday 1 st October	First full draft of Long Term Plan including ALL supporting documents
December 2026 (pre-Christmas)	Formal guidance on the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Long Term Plan
February 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Draft Long Term Plan
June 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Final Long Term Plan

Infrastructure Strategy – Next Steps

WORKSHOP 2	WORKSHOP 3	WORKSHOP 4	SESSION 5
14 May 2026	20 May 2026	11 June 2026	October 2026
<p>Significant issues and governance considerations</p> <p>A walkthrough of all six significant issues and the governance considerations each one raises.</p> <p>What Council is asked to do: Understand the issues and the questions they raise. Come prepared for a more substantive conversation in Session 3.</p>	<p>Options, priorities, and Council guidance</p> <p>The substantive session. Council is asked to provide governance guidance on direction.</p> <p>What Council is asked to do: Provide direction on the significant issues. Indicate relative priority where financial constraints require trade-offs.</p>	<p>Confirming direction: governance guidance for the LTP</p> <p>Following the substantive workshop on 20 May, this session plays back what was heard and confirms Council's direction.</p> <p>What Council is asked to do: Confirm the governance direction from the 20 May workshop.</p>	<p>Draft IS and LTP: and what it means for the significant issues</p> <p>Council receives a clear account of how each significant issue is being addressed: which are being concentrated on, which are not, and why.</p> <p>What Council is asked to do: Confirm whether the programme reflects the right IS priorities.</p>

Capital Programme Development

Letter of Expectations – Objectives for Capital Programme Development

Council to understand and approve capital prioritisation model *before* the draft programme is prepared.

No short term 'bow wave' in capital programme profile. Risk of material carry-forwards from year to year minimised.

Programme not to exceed total level set in the draft (2026/27) Annual Plan.

Expert advice / peer review to baseline core capital programme deliverability, including market capacity and risks.

Capital Programme Development

The purpose of the capital prioritisation framework is to ensure that the proposed Long Term Plan capital programme is **strategically aligned, evidence-based, and deliverable within agreed funding and capacity constraints.**

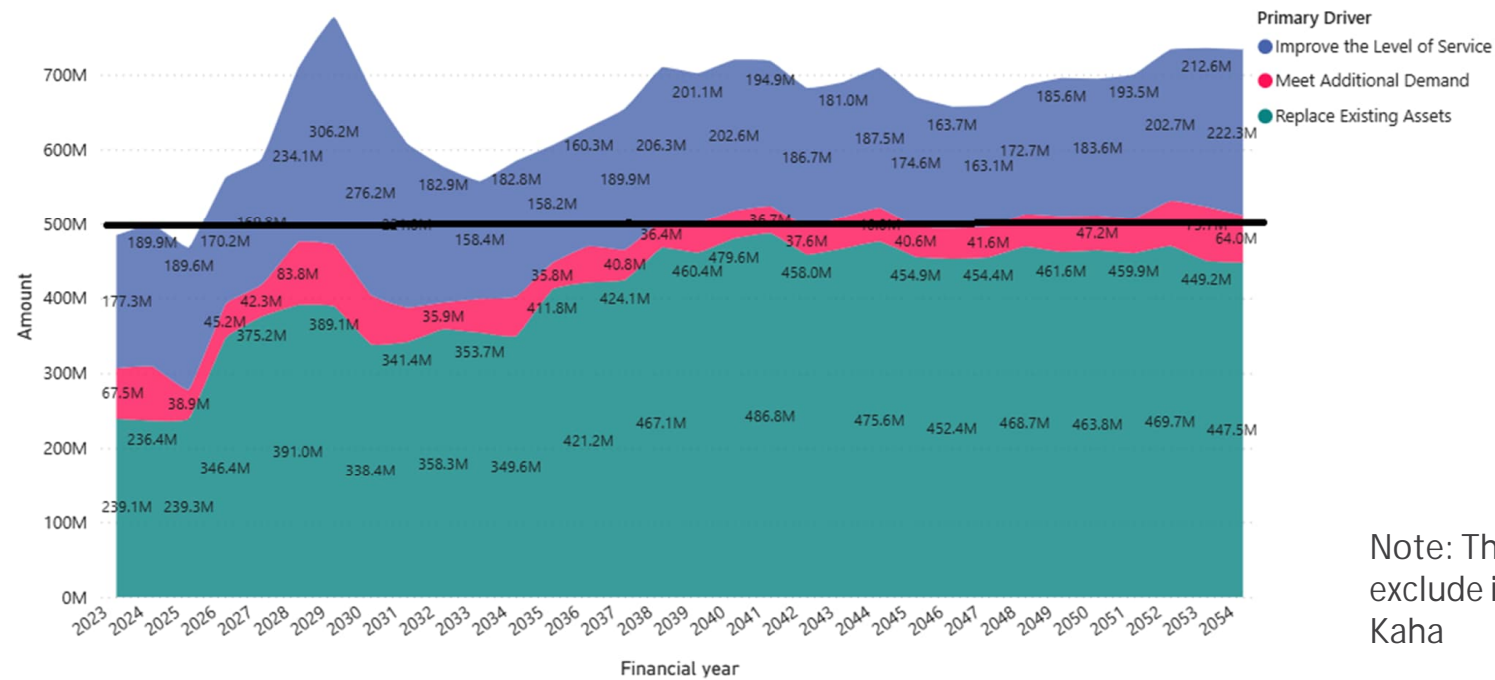
Overview of the Approach

Capital prioritisation is undertaken at an activity level through a structured, multi-step process that recognises **funding and delivery constraints as the primary determinants** of a feasible capital programme.

The framework separates non-discretionary investment from discretionary investment, applies consistent assessment criteria, and results in a prioritised and constrained capital programme suitable for governance consideration.

Capital Programme Development – where are we now?

Primary Driver



Note: These values exclude inflation and Te Kaha

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

Capital Programme Development

Step 1: Confirm Funding and Delivery Constraints

The prioritisation process commences with confirmation of the funding and delivery envelopes for the Long Term Plan period. These constraints are informed by:

- The Council's Financial Strategy, including rates and debt limits
- Agreed capital funding envelopes by activity area which include projected carry forwards
- Assessed delivery capacity, including internal resourcing and external market capability
- Historic delivery performance and known market constraints

These envelopes represent **hard constraints** within which the capital programme must be developed. Projects or programmes that cannot be realistically delivered within these constraints must be rephased or excluded, regardless of relative priority.

Capital Programme Development

Step 2: Identify Non-Discretionary Capital Investment

Certain capital investment is considered non-discretionary and is not subject to comparative prioritisation. This includes, but is not limited to:

- Renewing existing assets
- Projects to support growth
- Contractual or legally committed projects
- Statutory and regulatory compliance requirements
- Health and safety risk mitigation
- Business continuity and critical asset renewals
- Disaster recovery and resilience obligations

Non-discretionary projects are included in the capital programme first, subject to confirmation that scope, timing, and cost estimates are realistic and achievable within delivery constraints.

Capital Programme Development

Step 3: Prioritise Discretionary Capital Projects

All remaining discretionary capital projects are assessed using a consistent set of prioritisation criteria. These criteria are designed to reflect Council priorities and Long Term Plan outcomes while ensuring value for money and delivery realism.

Assessment criteria includes:

- Strategic alignment with Council outcomes and priorities
- Risk reduction, including service, safety, and resilience risks
- Impact on levels of service
- Strength of statutory or policy drivers
- Value for money and whole-of-life cost considerations
- Deliverability and readiness, including interdependencies

Assessment is supported by evidence from Asset Management Plans, Service Plans, business cases, and relevant strategic documents.

Capital Programme Development

Step 4: Apply Funding and Delivery Constraints

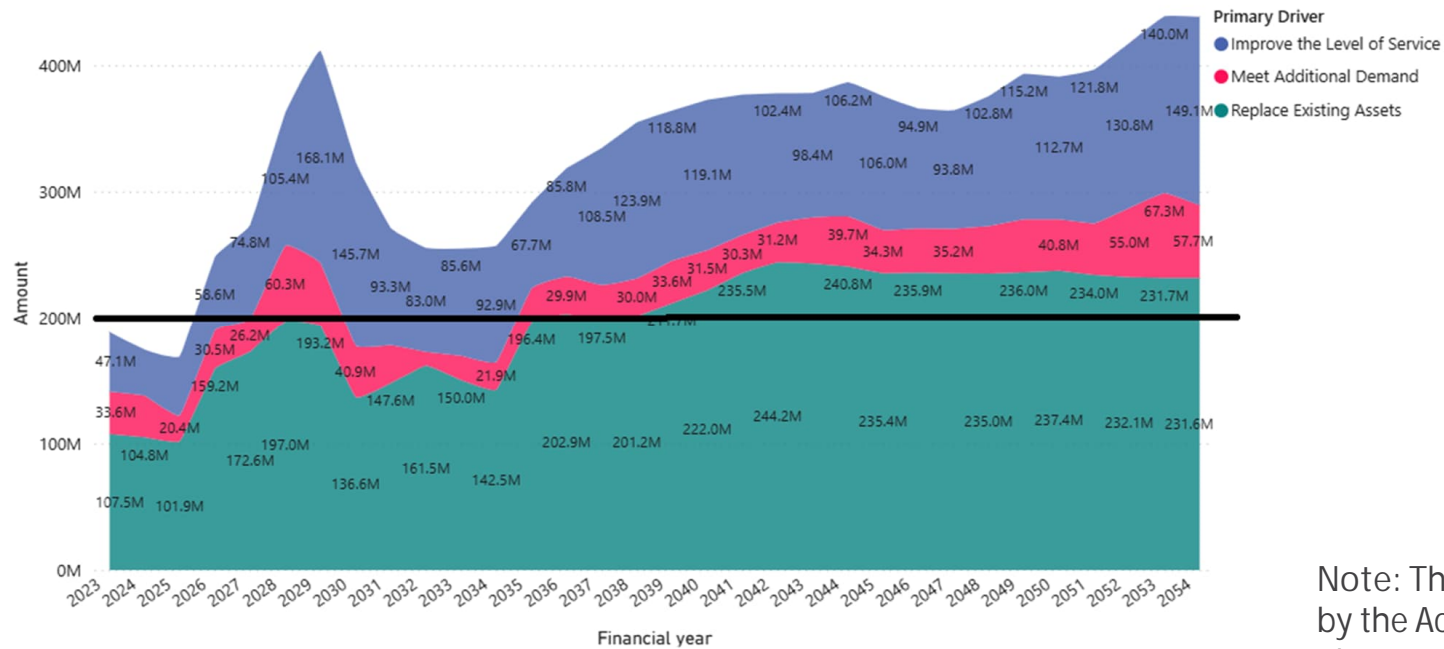
Following prioritisation, projects are sequenced and allocated into the capital programme within the available funding and delivery envelopes, on a year-by-year basis. Where funding or delivery limits are reached:

- Lower-priority projects are deferred to later years, or
- Projects are held as unfunded priorities for future consideration

This step ensures the resulting capital programme is **deliverable**, minimises the risk of material carry-forwards, and avoids creating a short-term “bow wave” of capital expenditure.

Capital Programme Development – where we are now? Three Waters

Primary Driver

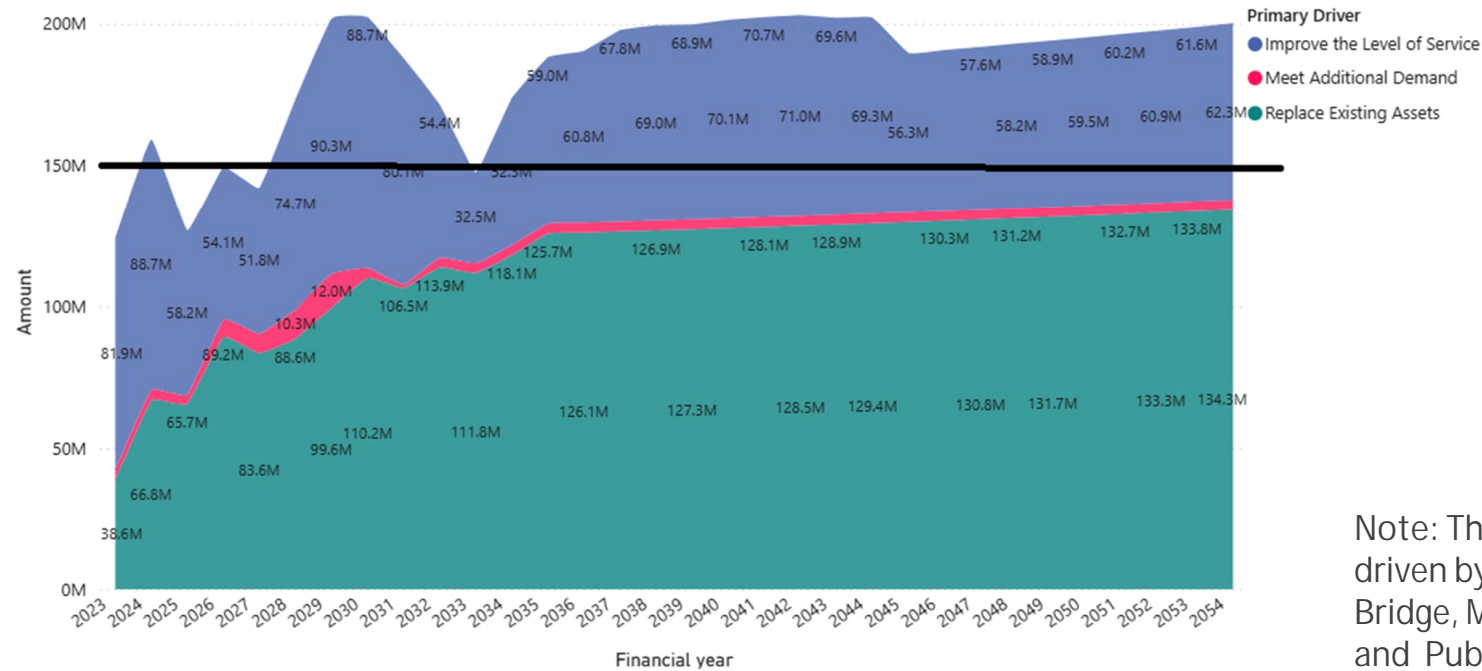


2023 – 2025 shows the actual capital expenditure. 2026 onwards shows the capital budgets.

Note: The peak in 2029 is driven by the Activated Sludge and Akaroa Wastewater projects

Capital Programme Development – where we are now? Transport

Primary Driver

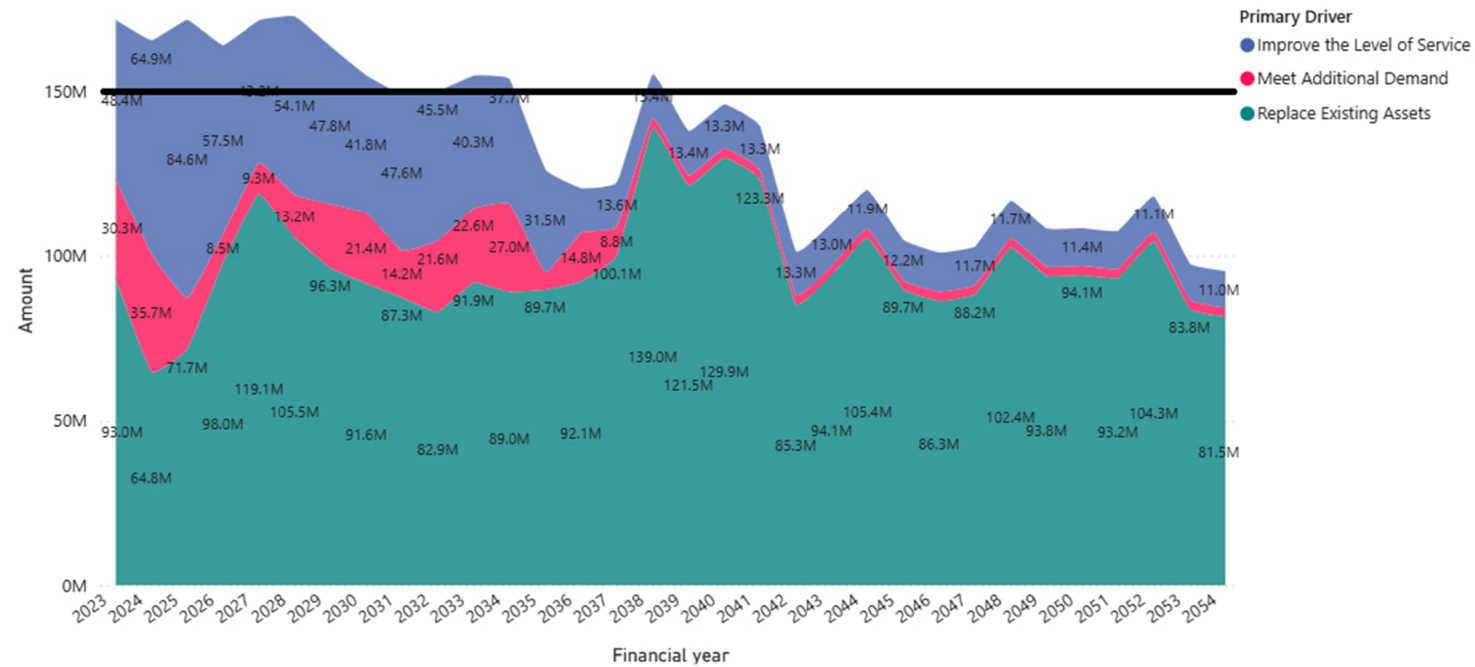


2023 – 2025 shows the actual capital expenditure. 2026 onwards shows the capital budgets.

Note: The peak in 2029/30 is driven by Pages Road Bridge, Major Cycleway and Public Transport Programmes

Capital Programme Development – where we are now? Other

Primary Driver



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

Capital Programme Development - Next Steps

Are there other assessment criteria that should be used to determine non-discretionary projects?

Based on the current programme and Letter of Expectations hard trade-offs will be unavoidable: funding and delivery limits are explicit, so some projects will have to be deferred or not proceed.

The prioritisation framework makes the delivery and funding constraints explicit, looks to separate what we must do from what we can choose to do, and ensures Council and the community can see the trade-offs clearly.

The next step is working through those choices with you — within the envelopes set by the Financial and Infrastructure Strategies — so we land a draft programme that is deliverable, affordable and credible by 1 October 2026.

Parallel preparation: Long Term Plan & Water Services Strategy

Water Services Act 2025 - statutory processes

Section 235 of the Water Services Act 2025 describes the statutory processes to be followed by a council water service provider:

- Similar to – though not identical to – the LTP processes that will be familiar to councils.
- Surrounding business planning, processes, and inputs are also likely to be very similar.

A council water service provider must:

- prepare a draft water services strategy; and
- prepare a summary of the major matters in the draft strategy; and
- consult its communities on the summary, using the special consultative procedure under the LGA02 (s83, 83AA, and 83A).

Team-work - avoidance of duplication

Teams responsible for preparing the LTP and the Water Services Strategy have been working together.

- Gap analysis prepared - compared WS Act requirements with LTP requirements and process.
- Clarified content being built for LTP can be used directly for WSS – avoidance of duplication.
- Also allows for provision for additional WSS content required by WS Act or Commerce Commission.

Consultation in parallel with a long-term plan

Council may wish to consult its communities on the summary of the water services strategy at the same time as consulting on its LTP under the LGA02.

The Act specifies that:

The council must prepare a summary of the major matters in the draft water services strategy, and consult its communities on the summary using the special consultative procedure in the Local Government Act 2002

- the summary of the WS strategy must form a discrete part of the consultation material; and
- the approach to consultation, and any consultation material used, must be consistent with the purpose of the water services strategy (s232 of WS Act).

Summary of the strategy is not to be integrated into the LTP consultation document, or subject to the requirements that apply to that document (eg, detailed content and audit-related requirements).

DIA Guidance (January 2026) *Planning, reporting, and accountability for council water service providers*
<https://www.dia.govt.nz/Water-Services-Information-and-guidance-for-councils>

Overall LTP – next steps

Overall LTP – next steps

Date	Content
Thursday 30 th April Now Complete	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Initial guidance on updates to key strategies</i>
Thursday 7 th May	Workshop Level of Service Review
Thursday 14 th May	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Guidance on key questions</i>
Wednesday 20 th May	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework Level of Service Review and <i>Audit NZ Workshop (TBC)</i>
Thursday 28 th May	Workshop Level of Service Review
Thursday 4 th June	Workshop Level of Service Review
Thursday 11 th June	Workshop Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework <i>Confirmation of guidance for content for 1st October</i> Level of Service Review
Thursday 1 st October	First full draft of Long Term Plan including ALL supporting documents
December 2026 (pre-Christmas)	Formal guidance on the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Long Term Plan
February 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Draft Long Term Plan
June 2027 (middle)	Adoption of the Financial Strategy, Infrastructure Strategy and Capital Programme prioritisation framework as part of the Final Long Term Plan