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## Annual Plan Workshop NOTES

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**Date:** Thursday 30 April 2026  
**Time:** 9.32 am  
**Venue:** Camellia Chambers, Civic Offices,  
53 Hereford Street, Christchurch

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### Present

Chairperson	Councillor Sam MacDonald
Deputy Chairperson	Councillor Jake McLellan
Members	Mayor Phil Mauger
	Councillor David Cartwright
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor Kelly Barber
	Councillor Celeste Donovan
	Councillor Tyrone Fields
	Councillor Tyla Harrison-Hunt via audiovisual link
	Councillor Yani Johanson via audiovisual link
	Councillor Aaron Keown
	Councillor Andrei Moore
	Councillor Tim Scandrett

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The agenda was dealt with in the following order.

## **1. Apologies Ngā Whakapāha**

The following apologies were received:

- The Mayor for partial absence.
- Deputy Mayor Henstock and Councillors Herz Jardine and Peters for absence.
- Councillor Harrison-Hunt for lateness.
- Councillors Cartwright and Cotter for early departure.

Councillor Fields joined the workshop at 9.33 am.

Councillor McLellan joined the workshop at 9.35 am.

## **2. Long Term Plan 2027 - 2037 Workshop**

Peter Ryan, Head of Corporate Planning & Performance, joined the table to introduce the workshop.

### **Key presentation points**

- The Financial Strategy (FS), Infrastructure Strategy (IS), and Capital Programme are core components of the Long Term Plan (LTP). Six further LTP workshops are scheduled through to 11 June 2026, covering these three documents and the requested Levels of Service review.
- Guidance provided by the Mayor and Councillors across these workshops is expected to be confirmed on 11 June 2026, enabling staff to build the operational documents that make up the draft LTP. The draft LTP will be brought back to Councillors for review in October 2026. This approach replaces the previous bottom-up build with a direction-led, top-down model.
- Two key risks apply to the LTP programme: Councillors not providing sufficient or timely guidance to enable the draft LTP to be built, and staff not fully shifting from the previous bottom-up approach to the new top-down model.
- The FS, IS, and Capital Programme are interdependent. Changes to one will directly affect the other two, requiring Councillors to consider impacts across all three together. These documents must be developed in an integrated way, with Audit New Zealand expecting clear alignment and coordination.
- The FS sets funding limits and financial levers, the IS identifies long-term infrastructure issues and trade-offs within those limits, and the Capital Programme determines what is delivered in practice.

Councillor MacDonald left the workshop at 9.40 am and rejoined at 9.45 am.

Councillor Keown joined the workshop at 9.56 am.

### **2.1 Financial Strategy**

Mitchell Shaw, Principal Advisor – Finance, joined the table to talk to the Financial Strategy (FS).

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**Key presentation points**

- The FS must demonstrate prudent long-term management of the Council's revenues, expenditure, assets, liabilities, and investments, and ensure the Long Term Plan remains financially sustainable.
- The 2027–2037 FS refreshes the 2024–2034 strategy and incorporates legislative change, current operating conditions, and the Council direction through the Letter of Expectation and workshops.
- The modelling base uses the 2026/27 draft Annual Plan with updated outer-year projections and a capital programme of approximately \$500 million per year plus inflation. It uses existing inflation assumptions, which is a potential risk given global pressures.
- The FS assumes the rates cap applies to all activities except targeted rates for water supply and wastewater. References to water rates, therefore, relate only to those two activities, with stormwater included in general rates.
- Waters rates make up about 30% of total council rates but will increase by higher percentages than other activities because waters receive a large share of rating for renewals on a smaller base. Water and other rates each follow different paths. They cannot be added together to get an overall rates increase.
- Rates and budgets measure different things: the Council does not rate for all budgeted items and does rate for some non-budgeted items. For example, capital affects rates only through debt repayment and interest while rating for renewals affects rates without appearing as a budget line.
- Approximately half of what the Council rates for is non-controllable, with waters significantly less controllable (about 30%) than other council activities (about 60%), narrowing the scope for short-term savings and limiting where meaningful rate reductions can be made.
- The 6-5-4 percent rates trajectory requires savings to be found within the controllable portion of the Council's budgets, with savings requirements increasing if the Annual Plan base reduces or inflation assumptions worsen.
- Temporary savings in the Annual Plan would increase the level of permanent savings required under a capped rates environment, with higher inflation further increasing savings pressure, and any rising construction costs likely to flow through into higher insurance costs over time.

**Key discussion points**

- Staff understand that water supply and wastewater are currently excluded from the rates cap and expected to be regulated by the Commerce Commission, potentially through an approved price path setting maximum revenue, while all other council activities, including stormwater, would remain capped, creating uncertainty as stormwater faces growing pressure from climate-related risk and the need for more investment within limited funding.
- Around half of the Council's rates requirement funds capital-related debt repayment and interest. Capital programme reductions deliver limited first-year rates relief but generate increasing long-term benefits through reduced borrowing and interest costs.
- The Council's Letter of Expectations (LOE) makes it clear that a material increase to the capital programme requires independent review to confirm viability.

- Rating for renewals provides funding for future asset renewal. The actual capital renewal requirement is determined separately through the Council's decisions on renewal needs, which then flow through into the level of rating for renewals required.

Councillor McLellan left the workshop at 10.19 am and returned at 10.23 am.

Councillor Harrison-Hunt joined the workshop at via audiovisual link at 10.23 am.

## **2.2 Infrastructure Strategy**

Luke Adams, Principal Policy Advisor, joined the table to talk to the Infrastructure Strategy (IS).

### **Key presentation points**

- The IS identifies significant infrastructure issues over a 30-year horizon and sets out the principal options for dealing with those, without setting budgets, approving projects, or defining service levels.
- The strategy is being developed alongside the Financial Strategy (FS), with aligned assumptions and identification of tensions where infrastructure needs exceed financial capacity.
- The IS has a core strategy that identifies the key long-term issues, options, trade-offs, and governance direction for the LTP, supported by sections that show the resulting long-term financial scenario and the asset management evidence, assumptions, and uncertainties.
- Six significant issues build on the previous IS and represent long-term pressures that will persist across the 30-year horizon. The first four issues can be mapped onto issues from the previous IS, with the last two being new:
  - affordability and funding constraints
  - managing renewals across generations
  - climate change and hazard exposure
  - growth and demographic change
  - regulatory reform and service standards
  - external shocks and persistent uncertainty.
- Upcoming workshops will focus on understanding the implications of the six significant issues and developing governance direction to guide the LTP.

### **Key discussion points**

- Clearer long-term direction in the strategy could provide greater certainty for infrastructure delivery, support more affordable design choices, and give the market confidence to invest in capability.
- Regulatory reform is ongoing and unavoidable, with uncertain timing and scope over the 30-year period. It will continue to affect Council budgets and long-term planning, which is why it is treated as a significant issue in the Infrastructure Strategy.
- Climate change influences asset location, design life, and renewal timing, requiring direction on whether assets should be renewed for shorter or longer lifespans in high-risk areas.

- Infrastructure deficits are expected to be evidenced through asset management plans, with the strategy making pressures visible rather than resolving them.

Councillor Barber left the workshop at 10.37 am and returned at 10.39 am.

### **2.3 Capital Programme**

Paul Dadson, Manager Capital Programme, joined the table to talk to the Capital Programme.

#### **Key presentation points**

- The LOE requires a capital programme that is deliverable, avoids short-term expenditure spikes, and minimises carry-forwards. Staff will use a four-step process to meet these objectives:
  - Step 1: Confirm funding and delivery constraints, including financial limits, delivery capacity, market capability, and historic performance.
  - Step 2: Identify non-discretionary investment, which include 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, and disaster recovery and resilience obligations.
  - Step 3: Priorities discretionary projects using consistent criteria, including strategic alignment with the Council's 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, and deliverability and readiness, (including interdependencies).
  - Step 4: Projects are sequenced within funding and delivery envelopes, with lower-priority projects deferred or excluded to maintain a credible programme.

#### **Key discussion points**

- The existing capital programme exceeds deliverable limits in some years due to some key committed projects and deferred work. This will require consideration of timing of these projects and of asset management cycles.
- Capital projects are assessed and prioritised based on their total cost and deliverability, regardless of funding source, with co-funding treated separately and not added on top of the capital programme cap. Funding offers, therefore, require acceptance based on alignment and deliverability.
- Disaster recovery sits in the capital programme as a prioritisation issue rather than a funding mechanism, requiring trade-offs within existing delivery capacity when unplanned recovery work must be accommodated alongside committed projects.
- Carry-forwards should be accommodated within the overall capital envelope rather than added on top of it.
- Future statutory and regulatory compliance costs are difficult to budget for in advance, as setting aside capital funding risks non-delivery and carry-forwards if requirements do not arise.
- Capital project prioritisation considers whole-of-life costs, recognising that higher upfront investment in climate-resilient design for all assets can reduce long-term risk and cost and

deliver greater overall value. Whole of life cost considerations include ongoing operational maintenance and usually exceed the upfront capital cost.

- Resilience decisions involve balancing cost and asset life, with the Infrastructure Strategy guiding whether assets are designed for shorter or longer lifespans based on risk, so investment focuses on affordability and appropriate longevity rather than defaulting to the most expensive option.
- There are trade-offs between using longer-term contracts to provide delivery certainty and market capacity, and retaining flexibility to respond to changing priorities, climate risks, or shocks without locking the Council into commitments that may no longer align with future needs.
- The Council can make new decisions that supersede earlier resolutions, provided any statutory requirements are met.

#### **2.4 Next steps**

Peter Ryan rejoined the table to outline the next steps.

- A series of further workshops run through May and early June 2026 to work through options, trade-offs, and priorities across the FS, IS, Capital Programme, and Levels of Service.
- The Council's direction on these matters is required by 11 June 2026 to allow staff to prepare the full draft Long Term Plan and supporting documents for audit and consultation, with the first complete draft scheduled to come back to the Council on 1 October 2026.

**Workshop concluded at 11.13 am.**