



**Long-Term Plan Workshop
NOTES ATTACHMENTS**

Date: Thursday 14 May 2026
Time: 9.30 am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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Long Term Plan 2027 - 2037

Workshop Thursday 14th May

Financial Strategy

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Financial Strategy Principles - Recap

- 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*)

Measures / Benchmarks 2027-37 Financial Strategy

Measures / Benchmarks

- How does Council assess whether we are meeting our Financial Strategy Principles?

LG Prudence Benchmarks	CCC Benchmarks
• Rates affordability 	• Net debt as a % of equity 
• Debt affordability 	• Net debt as a % of total revenue 
• Debt servicing 	• Net interest as a % of total revenue 
• Essential services 	• Net interest as a % of annual rates 
• Balanced budget 	income 
	• Liquidity 

Measures / Benchmarks



Measure / Benchmark	Purpose	Benchmark	Results	Improving
Debt affordability	To ensure the Council has capacity to borrow if required. Compares the Council's planned borrowing against a quantified limit. Council meets the benchmark if planned borrowing is lower than the quantified limit. The quantified limit is calculated based on the Council's maximum borrowing.	<QL	\$1.4b – \$2.5b	Yes
Essential services	To ensure the Council's capital programme expenditure on network services (water services & transport) meets/exceeds the use of those assets. Compares the Council's planned capital expenditure on network services to the expected depreciation on network services. Council meets the benchmark if capital expenditure on network services exceed depreciation on the network services.	>100%	128% - 113%	No
Net debt as a % of equity	To ensure Council is not borrowing is not exceeding the value of the assets being produced. Compares the Council's planned net debt (total debt less onlending) against the Council's planned equity. Council meets the benchmark if net debt is less than 20% of Council equity.	<20%	10.8% - 8.3%	Yes

Measures / Benchmarks



Measure / Benchmark	Purpose	Benchmark	Results	Improving
Net debt as a % of total revenue	To ensure Council is not borrowing to a point where its revenues are unable to service the debt. Compares the Council's planned net debt against the planned total revenue. Council meets the benchmark if net debt is less than 280% of total revenue.	<280%	175% - 130%	Yes
Net interest as a % of total revenue	To ensure Council is not spending too much of its revenue on interest costs. Compares the Council's planned net interest (interest expense less interest revenue) against the planned total revenue. Council meets the benchmark if net interest is less than 20% of total revenue.	<20%	8.9% - 6.9%	Yes
Net interest as a % of annual rates income	To ensure Council is not spending too much of its rates revenue on interest costs. Compares the Council's planned net interest (interest expense less interest revenue) against the planned annual rates revenue. Council meets the benchmark if net interest is less than 30% of annual rates income.	<30%	12.0% - 8.7%	Yes
Liquidity	To ensure Council always has more than enough committed funding to refinance or repay short-term debt.	>110%	113% - 118%	Yes

Rates Affordability Benchmark

- Compares the Council's planned rates increase in any given year with the Long Term Plan projected increase.
- Council meets the benchmark if the rates increase is equal to or less than the Long Term Plan projected rates increase.
- In the Draft 2026/27 Annual Plan, Council did not meet this benchmark, largely due to the use of surplus in the 2025/26 Annual Plan.
- Moving forward this benchmark will become less relevant as the rates cap will limit Council's ability to have a rates increase larger than that regulated.

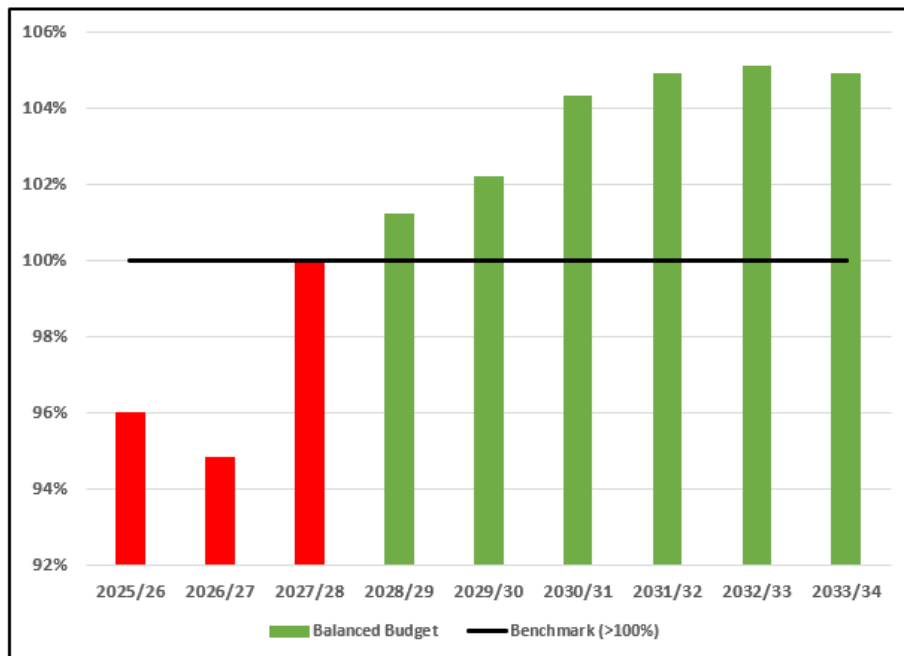
Debt Servicing Benchmark

- Compares the Council's borrowing costs (interest expense) as a proportion of operational revenue against a quantified limit.
- Council meets this benchmark if its interest expense as a proportion of operational revenue is less than 10% (non-high growth Council).
- Council does not meet this benchmark, with results over the LTP period of 10.6% - 9.9%.
- The benchmark includes interest costs relating to onlending, but does not consider the interest revenue the Council receives for the onlending.
 - If the interest revenue was included Council would meet this benchmark in most years of the LTP (9.4% - 9.9%).

Balanced Budget Benchmark

- Compares the Council's planned revenue as a proportion of the Council's operating expenditure.
- Council meets this benchmark if its revenue equals or is greater than its operating expenditure.
- While depreciation is not a cash expense requiring funding, it is considered in the balanced budget benchmark.
- Maintaining a balanced budget ensures Council rates the current generation for sufficient funds to cover the wear and tear on existing assets (represented by depreciation).

Balanced Budget Benchmark



- Council did not plan to have a balanced budget in 2025/26 Annual Plan or the Draft 2026/27 Annual Plan.
- Current modelling suggests Council will not have a balanced budget in 2027/28.
- The balanced budget improves over time due to the increase in rating for renewals.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Balanced Budget	96.0%	94.8%	99.9%	101.2%	102.2%	104.3%	104.9%	105.1%	104.9%

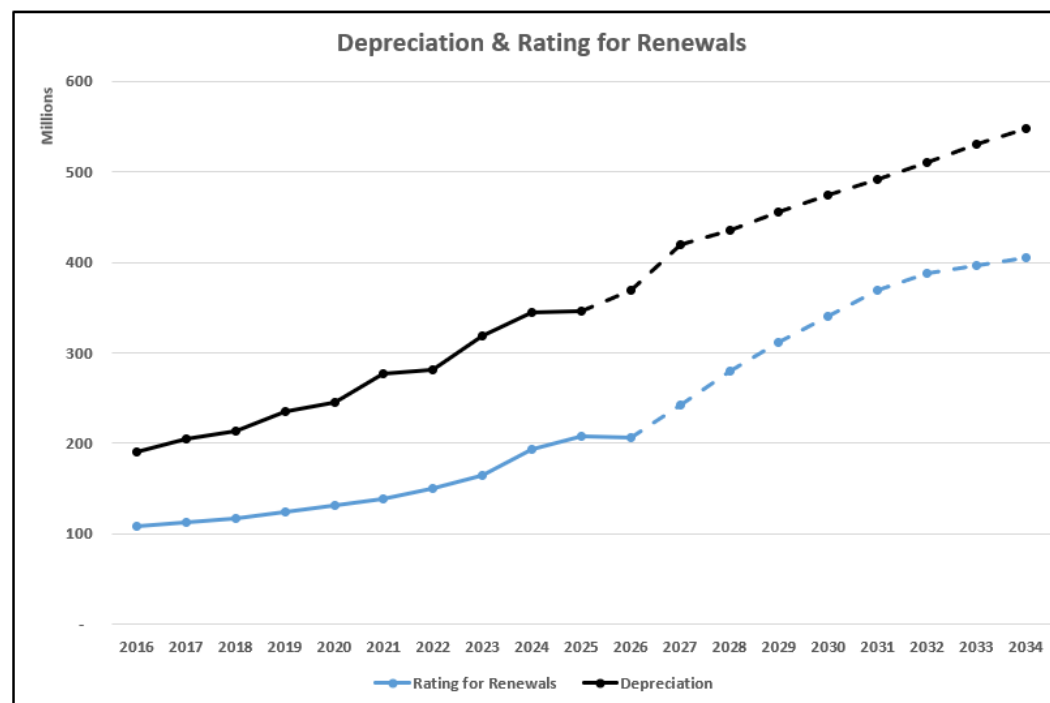
Rating for Renewals 2027-37 Financial Strategy

Rating for Renewals

- Rating for renewals is a funding mechanism, not the capital programme itself.
 - It determines how renewals are funded (rates vs debt) – it does not change the renewals work programme.
 - Increasing or decreasing rating for renewals does not alter the level of capital expenditure; it only changes the funding mix
- In the 2015–25 Long Term Plan, Council introduced a strategy to fund average long-run asset renewals through rates (i.e. “rating for renewals”).
 - To manage affordability, the level of rates funding for renewals has been gradually increased over time.
 - Council is currently targeting full funding of renewals from rates by 2032.
- Rating for renewals improves key financial metrics, including the balanced budget benchmark, because:
 - it increases revenue (rates),
 - Reduced expenditure (lower interest costs), and
 - reduces reliance on borrowing.
- This strengthens the Council’s financial sustainability and reduces future debt pressures.
- From 2015/16 to 2027/28 Council will have avoided \$2.17bn of borrowing due to rating for renewals. This equates to:
 - \$178.7m less in debt servicing costs (interest expense & debt repayment) in 2027/28
 - Approximately \$425 per resident or \$953 per rating unit

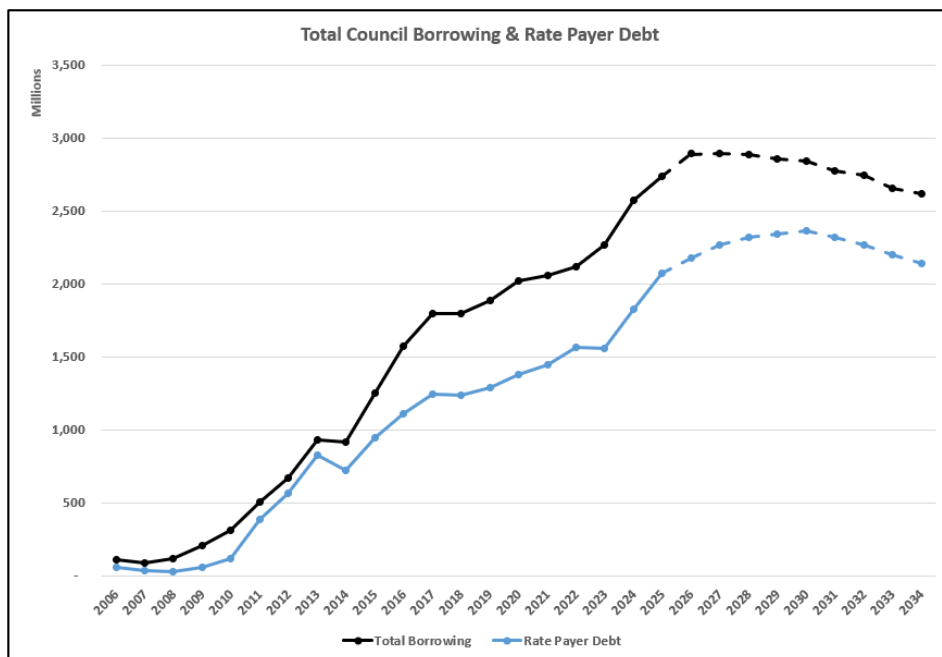
Rating for Renewals vs Rating for Depreciation

- While Christchurch City Council rates for renewals, some other councils rate for depreciation.
- CCC uses rating for renewals as:
 - Reflects actual work delivered
 - Depreciation is an accounting estimate of asset wear and tear.
 - Renewals reflect the planned replacement or repair of assets.
 - Direct link to funding requirement
 - Depreciation does not require funding in itself – it is a non-cash accounting expense.
 - Renewals capital expenditure does require funding (either through rates or borrowing).
 - Supports affordability for ratepayers
 - Depreciation is often more than the planned or actual renewals programme.
 - The IS determines the appropriate level of renewals required to maintain Council's asset base for future generations.



Debt / Borrowing 2027-37 Financial Strategy

Debt / Borrowing



- In **2008** total Council debt was \$119.9m, of which **\$29.6m** was **rate payer funded debt**.
- In **2025** total council debt was \$2,733.2m (2,180% increase), of which **\$2,075.3m** was **ratepayer funded debt** (1,707% increase).
- The increase in ratepayer funded debt is largely due to the earthquake rebuild.
- Ratepayer debt is forecast to peak at \$2,361m in 2030 before declining to \$2,137m by 2034. This reduction is primarily driven by fully funding renewals through rates, which reduces the need for new borrowing.

Debt / Borrowing

- If Council desired to reduce debt / borrowing it could be achieved through several methods including:
 - Assets Sales
 - Increasing rating for renewals
 - Applying operating surpluses to debt repayment
 - Special dividends
- Reducing Council's balance of debt could benefit Council and rate payers as:
 - Rates requirement reductions, due to lower debt repayment and interest expense.
 - Improving the Council's credit rating, lowering interest costs.
 - Making the Council more resilient to interest rate shocks.
 - Greater financial flexibility to borrow when/if required in the future.
 - Improved intergenerational fairness.

Infrastructure Strategy

Significant Issues Deep Dive

1 Affordability & Funding Constraints

2 Managing Renewals Across Generations

3 Climate Change & Hazard Exposure

4 Growth & Demographic Change

5 Regulatory Reform & Service Standards

6 External Shocks & Persistent Uncertainty

-
- Six structural pressures that will shape infrastructure decisions across the next 30 years
 - Not operational challenges, long-term forces that cross service boundaries and require governance-level consideration
 - Today: explore the issues in detail, understand potential implications and scenarios, and highlight the sort of things the Council will need to consider
 - Council guidance will follow in subsequent workshops

ISSUE 1

Affordability and Funding Constraints

The cost environment is getting harder

28.67%

Cumulatively increase of rates between 2021/22 – 2024/25

~30%

Projected cumulative cost increase over next decade (LGCI)

72.5%

Insurance premium increase since 2021/22 (noting recent decreases)

\$116,923

Avg household income: national avg is \$135,266

Community pressure

- Residents saying they have ‘enough’ or ‘more than enough’ money to meet their everyday needs dropped from 46% → 35% in two years
- Annual CPI hit 3.1% in the March 2026 quarter, with domestic inflation sitting at 3.5%
- Average home insurance premiums (NZ) have risen 37% since late 2022, while electricity costs increased 21% in the last three years
- Household debt (NZ) sits at 168% of gross income: up from 56% in 1991, a sustained structural shift over three decades
- Christchurch's house-value-to-income ratio has risen from 4.8 in 2020 to 6.4 in 2025.
- Mortgage payments as a share of income jumped from 25.1% to 38.6% over the same period

Council pressure

- Construction costs up ~25% since 2020, increases locked in, not reversing
- Operating costs across local government up ~19% in two years, outpacing CPI
- Ongoing cost pressures (construction, labour, insurance) expected to keep outpacing CPI

ISSUE 1

Considerations

- What service levels are genuinely affordable and sustainable over 30 years, and where do expectations need to align to the funding envelope?
- How should infrastructure costs be distributed between current and future ratepayers, through rates, debt, or explicit deferral, and should that distribution be a deliberate Council position – connected to the FS?
- Where is deferred renewal creating risk that Council should formally own and account for, rather than carrying implicitly in the asset base?
- How do we present the capital programme so that non-discretionary vs discretionary investment is visible and trade-offs are real?
- Are there areas of the portfolio where the answer is that current service expectations cannot be sustained within affordable funding constraints?

ISSUE 2

Managing Renewals Across Generations

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

740+

SCIRT projects within a \$2.2 billion five-and-a-half year programme

\$3.59B

Renewal spend in 2024–34 LTP

2050s–70s

Post-earthquake renewal peak

30–50 yrs

Commitment locked in by each renewal

What's ahead

- Infrastructure built in concentrated waves creates predictable but significant renewal peaks
- Post-earthquake rebuild assets will reach end of life at roughly the same time
- Older pre-earthquake assets continue to age alongside, creating overlapping demand
- Renewal investment is the largest and least discretionary part of the capital programme

Key challenges

- Each renewal locks in 30–50 years of operating conditions, specification creep is a real risk
- Some assets may not need renewing: demand shifts and alternative delivery should be tested
- Renewals compete directly with growth, compliance, and resilience in the same capped envelope
- A renewal that does not factor future conditions (climate, hazard, demand) locks in long-term vulnerability

ISSUE 2

Considerations

- What standard should govern major renewals: like-for-like, current conditions, projected future conditions, or a risk-based tier?
- How should the renewal peaks be managed: smooth through debt, bring forward, or accept as a higher-expenditure period?
- How do we ensure design standard changes come to Council for approval rather than being embedded implicitly through project-level decisions?
- What is the right planning horizon for renewals in hazard-exposed locations?

ISSUE 3

Climate Change and Hazard Exposure

Exposure is growing. The costs are shifting from occasional shocks to chronic, compounding pressure.

34%

Of Christchurch is exposed to at least one natural hazard

\$1.14B

of projected damage costs to Council-owned assets over 100 years

\$9–14.5B

NZ damage from 2023 severe weather alone

Extreme by 2050

NZ water infrastructure risk rating

The challenge

- Over one-third of the District is already exposed to climate related hazards, with damage and disruption growing over time for both public and private assets.
- Climate risk is a long term affordability challenge, requiring early action and hard trade offs on investment, service levels, and where we build and maintain assets
- Water-related hazards dominate Christchurch's risk profile, with river flooding, coastal inundation, and groundwater rise driving most long term damage, disruption, and cost.
- The district is shifting from rare shocks to chronic and compounding impacts, redefining how damage, cost, and disruption are experienced.
- Risk is widespread but uneven, particularly where hazards overlap and disruption is greatest.

What the data says

- National water infrastructure at extreme risk within 25 years without action
- Nationally, 590,000 buildings worth \$250B are already exposed to inland flooding, rising to between 631,000 and 680,000 buildings (\$269–\$292B) by 2090 depending on the level of warming
- 34% of the District is currently exposed to at least one natural hazard (excluding heat, wind and wildfire)
- 19% of roads and 9% of residential properties are expected to experience moderate or major damage
- Council faces ~\$1.14 billion in projected damage costs (NPV) over 100 years, with a further \$3.3 billion across private, commercial and community (non-council) assets
- Hazard-related costs could grow from ~4% to ~9% of rates revenue over the long-term (~100 years), competing directly with investment in core services

ISSUE 3

Considerations

- How long do we continue repairing and protecting assets, when do we adapt assets, and when do we accept changes to levels of service to maintain long-term affordability?
- How should climate-related costs be managed proactively over time?
- How can greenhouse gas emissions be managed throughout the lifecycle of infrastructure, embodied, operational, and avoided?

ISSUE 4

Growth and Demographic Change

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

~520K

Projected population by 2057

15%

of central city workers commute from Selwyn or Waimakariri districts

64%

Newly consented homes are multi-unit dwellings (avg. recent years)

16% → 26%

Share of population aged 65+ by 2073

The shift

- Population projected to grow from 422,260 (2027) to ~520,000 (2057): +97,700 people, +45,600 households
- In recent years, an average of 64% of newly consented homes have been multi-unit dwellings.
- City becoming more diverse: more than a quarter of residents born overseas
- Working-age population (15-64) is projected to fall from 67% to 62% by 2073
- Those aged 65+ projected to increase from 16% to 26% of the population by 2073
- Fastest-growing areas: Yaldhurst (+47%), Marshland (+43%), Halswell (+32%), City Centre (+24%)

Key challenges

- Growth increasingly market-led: PC14 upzoning removed many levers for directing where it occurs
- Higher risk of reactive, bespoke network upgrades at higher cost
- ~40% of Selwyn and Waimakariri's workforce now relies on Christchurch infrastructure daily
- Growth investment competes with renewals, compliance, and resilience in a capped envelope

ISSUE 4

Considerations

- How far ahead of confirmed demand should Council invest, and should that position vary by network?
- What financial exposure to unconfirmed growth is acceptable, and how should risk be distributed between developers, current ratepayers, and future ratepayers?
- Should long-life community facility investment account explicitly for the demographic transition rather than planning to current demand patterns?
- Where we can't control the "where" of growth:
 - do we have adequate forward capacity modelling and tipping point indicators?
 - to what extent is our infrastructure investment approach shaping a preferred spatial pattern of growth, versus responding to demand wherever it occurs?

ISSUE 5

Regulatory Reform and Service Standards

The regulatory trajectory is consistent: more obligation, tighter standards, none of it discretionary

6+

Concurrent central govt reform programmes affecting council

Core

Services to be prioritised under the System Improvements Bill

4%

Government's anticipated rates increase cap

Simplifying Local Government

Structural change is on the horizon

What's already here

- Drinking water compliance frameworks established, already reshaping the water capital programme
- New wastewater environmental performance standards now in effect
- Economic regulation of water services being established: pricing, quality, and disclosure
- Building and facility standards evolving with rising expectations on accessibility and seismic performance

The challenge

- How Council responds to regulation has a material impact on total cost
- Standalone compliance under time pressure costs more than integration with renewal cycles
- Early visibility allows smart sequencing, late visibility removes that choice
- Standards ratchet upward over time rather than stabilise: compliance is mandatory, time-bound, and allows limited local discretion

ISSUE 5

Considerations

- Should Council respond to regulation reactively, integrate compliance with renewal cycles, or get ahead where the certainty test is met?
- Is the full regulatory pipeline understood and reflected in the capital programme?
- How should non-discretionary and discretionary investment be distinguished in programme reporting, consistent with the capital prioritisation framework, and should this become a permanent feature?
- Are there obligations where future tightening is demonstrably certain, such that proactive investment now is the cheaper whole-of-life option?
- Does the current programme presentation enable genuine prioritisation decisions, or does it obscure them?

ISSUE 6

External Shocks and Uncertainty

Things will not go to plan. The question is how exposed we are when they don't.

\$40B+

Total economic cost of the Canterbury earthquake sequence

12.2%

Quarterly NZ GDP fall in June 2020 (pandemic), largest drop on record

Every decade

Average frequency of major fiscal shocks in NZ

10%

Of GDP per decade: avg cost of government responses to shocks

What's already here

- The global outlook remains fragile: trade tensions, geopolitical instability, and supply chain disruption are creating an unpredictable cost environment
- National infrastructure demand is intensifying, with over 9,200 projects competing for the same limited pool of contractors, materials, and skills
- Cost assumptions in long-term plans can be overtaken by events quickly, eroding purchasing power without any visible decision being made
- Disruption is a planning constant: the fiscal cost of responding to shocks has been significant and recurring

In 15 years, the earthquake sequence, a global pandemic, and a period of acute cost escalation each disrupted our programme in ways no long-term plan had fully anticipated

The question is not whether disruption will occur, but whether we have the financial headroom, the critical asset knowledge, and the standing arrangements to respond without improvising under pressure

ISSUE 6

Considerations

- Does Council have a current and tested view of which infrastructure assets are critical, meaning their failure would cascade across networks or essential services?
- For those critical assets, are there documented contingency plans (a credible Plan B) that have been reviewed and are capable of being activated?
- How much financial headroom should be maintained as standing policy, sized for both shock events and sustained chronic losses over decades?

What happens next

- Today's session is about understanding the landscape
- Council will be asked to provide governance guidance on each issue through subsequent workshops during May and June
- That guidance will guide Activity Plans, AMPs, and the capital programme for LTP 2027
- First full draft of the Long Term Plan is targeted for 1 October 2026, with formal guidance in December 2026 and draft adoption in February 2027

Discussion

Capital Programme Development

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 - Recap

Step 1: Confirm Funding and Delivery Constraints

These envelopes represent **hard constraints** within which the capital programme must be developed.

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

Capital Programme Development - Recap

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 - Recap

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:

Capital Programme Development

The prioritisation framework explicitly sets out delivery and funding constraints, distinguishes between what must be delivered and what is discretionary, and improves transparency around trade-offs for Council and the community.

Questions

- **Are there other criteria we should consider when prioritising projects?**
- **Should this framework now be used to develop the draft capital programme?**

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 next step is drafting the capital programme based on the prioritisation framework by 1 October 2026 then working through those changes and 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 December 2026.

Questions

