

Draft Annual Plan 2023-24

Briefing to Council

6 December 2022

Briefings – purpose

- 2 December – Councillor feedback to staff
- **6 December – (public) Staff receive Councillor guidance for setting draft Annual Plan**
- 8 December – CEO briefing Community Board Chairs
- 24 January – staff report back to Council on progress for draft AP

Draft Annual Plan adoption meeting – **14 February (TBC)**

Annual Plan - purpose

- Long Term Plans every 3 years
- Purpose of an Annual Plan is to keep the LTP up to date
- Amending significant levels of service, projects or budgets may trigger consultation or an amended LTP (larger, fully audited consultation)
- **Aim is minimal overlap between AP 23 and LTP 24**
 - Annual Plan – adopt draft Feb 23, final June 23
 - LTP 2024 development March – December 23

Three Waters - assumptions

- Current direction from central government is that Three Waters will not be included in 2024-34 council Long Term Plans.
- Assuming that until 2024 LTPs take effect, Council will continue to fund and maintain the Three Waters networks to fit-for-purpose standards set in LTP 2021.

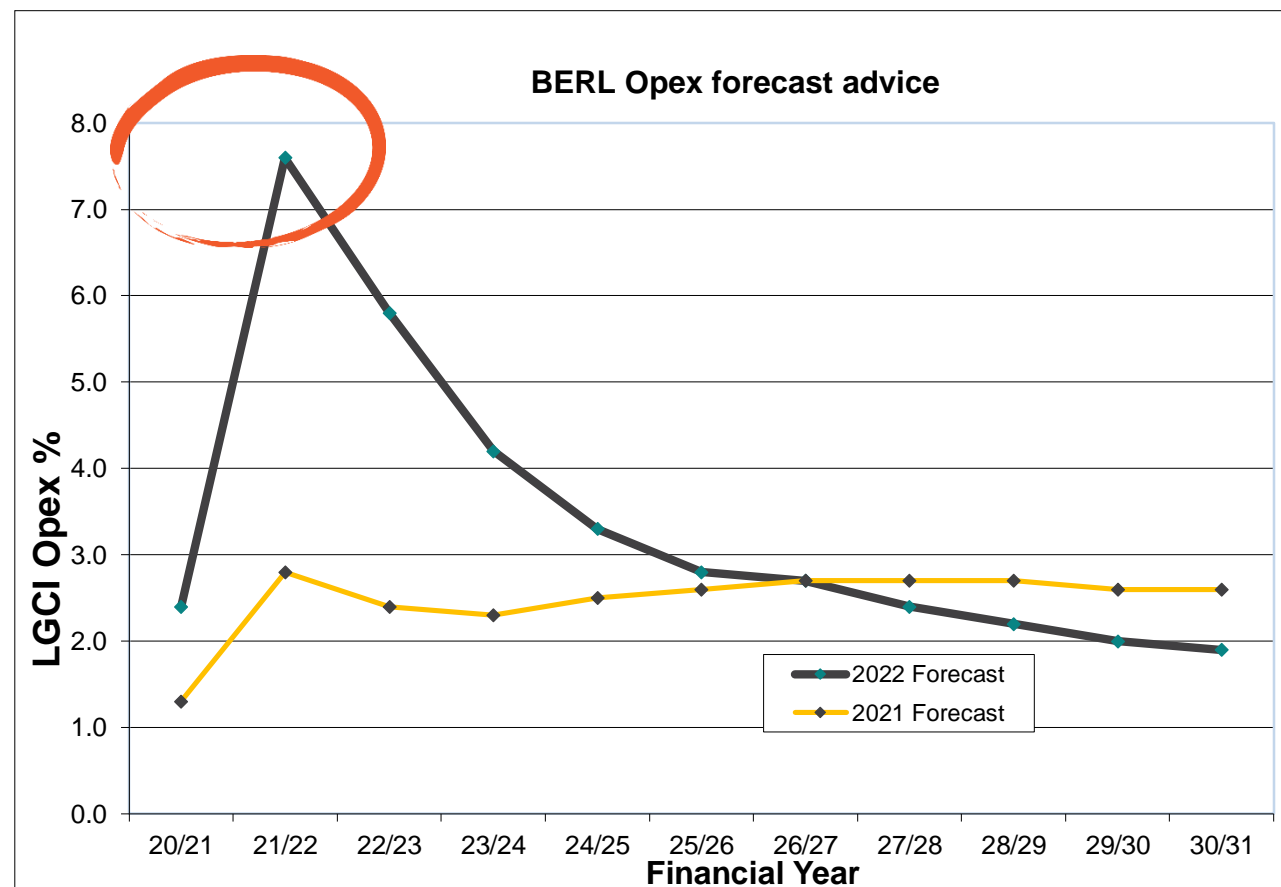
What has changed?

- **Global influences** having more of an impact on our national and local economies than usual.
- **Mixed and often conflicting views on the mid-term and long-term outlook**, geopolitical influences are having wide-ranging impacts.
- In common with many other organisations, we are **experiencing significant cost escalation, supply chain issues, labour shortages and increasing inflation**.
- **Domestic economy and inflation experiencing ongoing cost pressures**.
- **Employers are struggling to attract and retain talent** and skilled workers in a highly competitive market, with record low unemployment.
- Our **suppliers and contractors are signaling a limited appetite for taking on additional risk** related to increasing labour costs, material costs, and operating costs.
- **Need to be looking beyond our normal forecasts** and be **increasingly more agile** to respond to external influences.

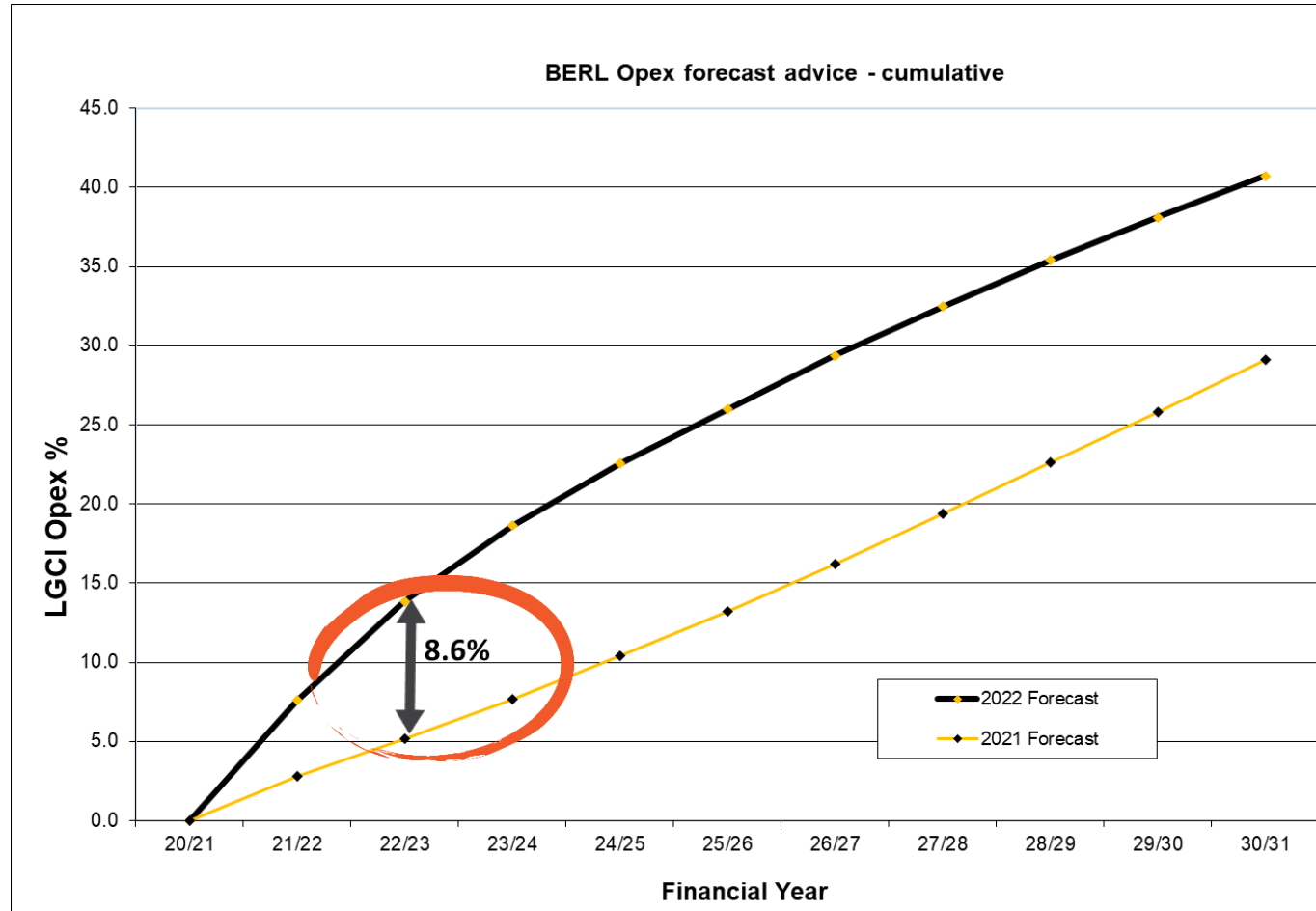
Inflation – BERL* Local Government Cost Index (LGCI)

- LGCI is Local Government's CPI.
- Large increase from figures used in the 2022/23 Annual Plan projections.

*BERL = Business & Economic Research Ltd



BERL Opex Inflation change – cumulative impact

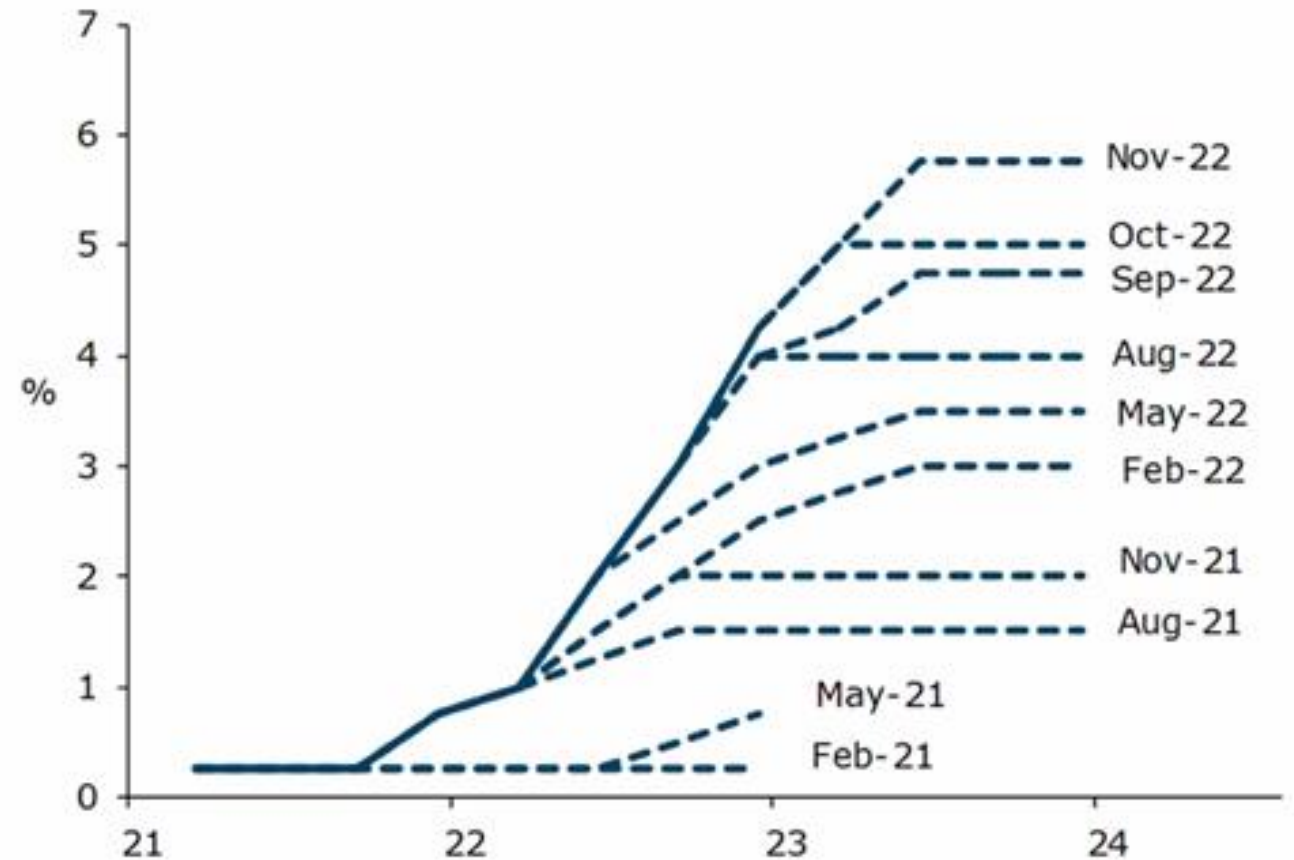


8.6% is inflation effectively under provided for in earlier projections.

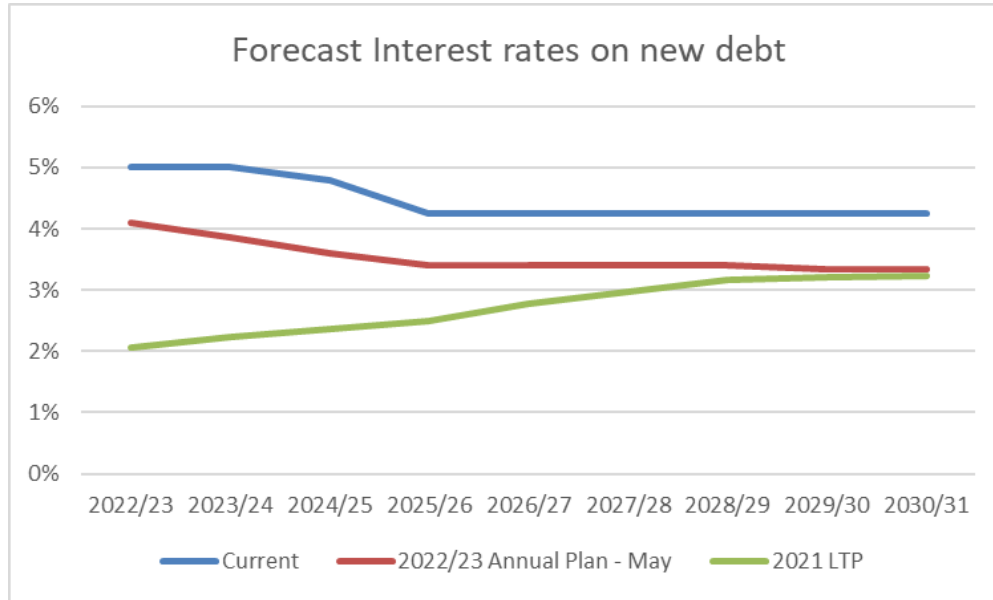
Interest rates

- This time last year, markets expected an OCR **peak of 2.0%**
- As at last OCR announcement, that's gone up to **5.5%-5.75%**.

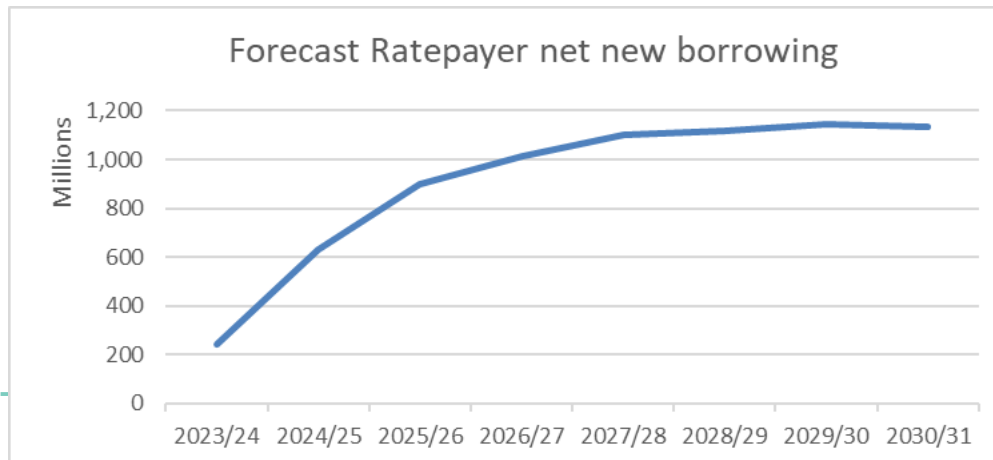
ANZ: recent history of OCR projections (projected at the dates stated).



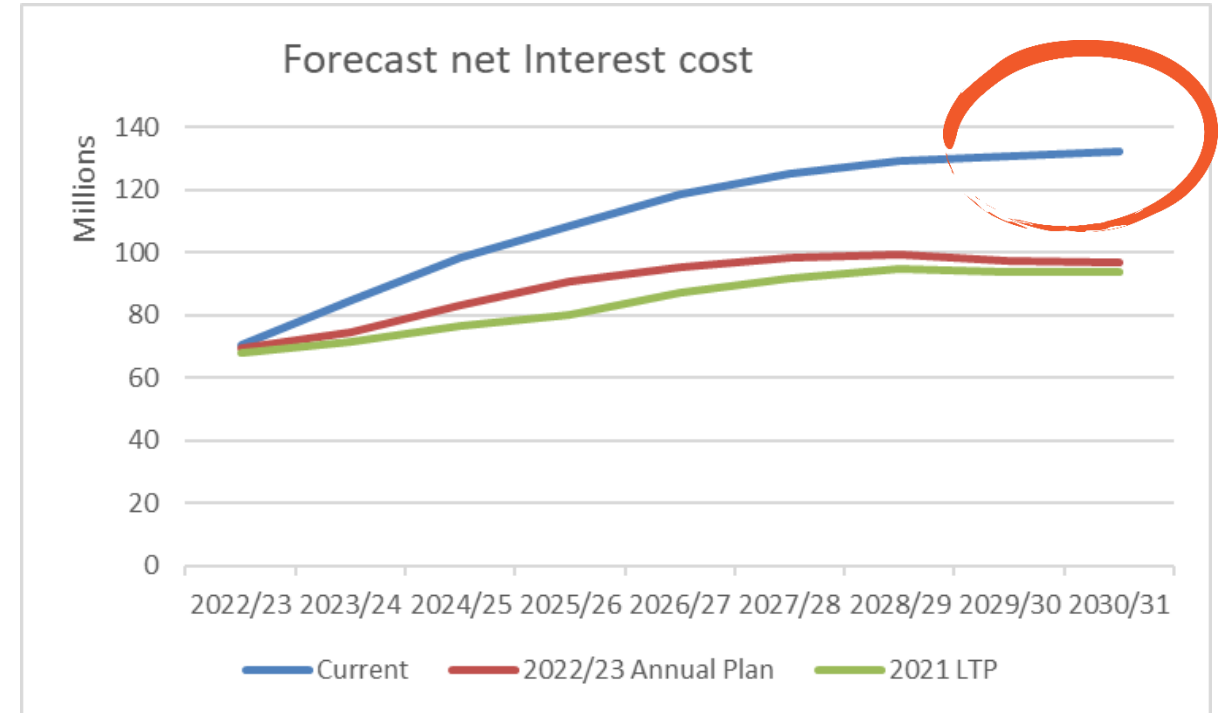
Interest rates



+



=



- A lot of existing debt is hedged, thus avoiding an immediate cost impact.
- Three Waters may materially change the level of new borrowing.

Guiding assumptions for AP 2024

In light of these circumstances we are aiming to:

- Focus on deliverability of the capital programme.
- Maintain levels of service.
- Limit new proposals other than new compliance matters, or matters outside our control.
- Revisit financial assumptions where appropriate eg rates growth, debt repayment, asset renewals.
- Defer major re-prioritisation until LTP 2024.

Taking into account all these considerations we will try to limit our rates increases in light of the challenges everyone is facing

Bridging the gap

Rates – rule of thumb

\$6.3m opex = 1% rates

- if the Opex is temporary, rates will reduce after Opex stops

\$80m capex borrowed for = 1% rates, noting 0.25% is in year 1 and 0.75% in year 2

- Year 1 includes partial years interest.
- Year 2 includes full years interest and debt repayment of 3.33% based on 30 year repayment.

NB. Not all capex is borrowed for. Around 60% of renewals are rated for.

Review of the rates – starting position

Starting Position			
External factors	22/23 Annual Plan projection	5.05%	
	Inflation - opex	3.3%	(Rem, service/maint contracts)
	Inflation – renewals	2.5%	(renewals capex rated for)
	Interest	1.2%	
	Insurance	0.5%	
	Legislative, landfills, reqd changes	0.5%	
CCC factors			
	Staff proposals for ELT review	<u>1.7%</u>	
		14.6%	

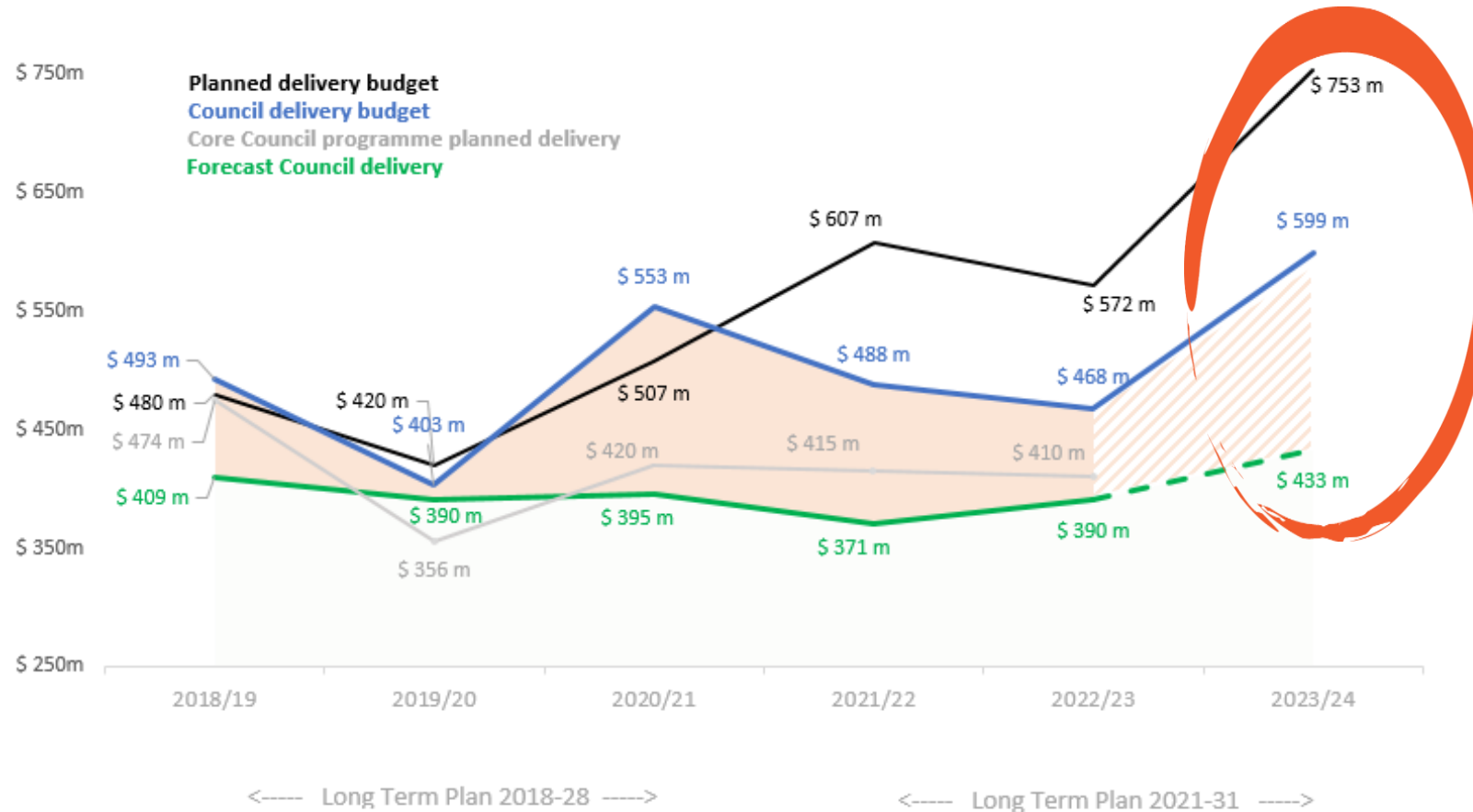
Note this should be read as the starting point ie ‘worst case/do nothing’, not the proposed rates increase.

Capital programme expenditure (Capex)

Purpose:

- Review the draft FY24 capital programme and understand the proposed changes that have been made to achieve a **deliverable** and **affordable** programme. Current FY24 \$597m reduced by \$164m (through re-phasing) to proposed \$433m.
- Understand consequences of further changes to achieve \$390m.

Capital expenditure – current delivery and budget not recommended



Gap between 'CCC deliverable' budget and actual delivery.

Planned delivery budget :

Total amount finalised in each Annual Plan (as at Annual Plan 2022/23) or Long Term Plan. Includes Core Council programme, external funded programme, and Te Kaha and Parakiore.

Council delivery budget :

Core Council and external funded programmes, excluding Parakiore and Te Kaha.

Core Council programme planned delivery : Planned Council-only delivery (excluding externally funded programme, and Parakiore and Te Kaha).

**The gap between the blue line and black line consists of the planned spend for Parakiore and Te Kaha.*

Forecast Council delivery :

Amount spent or forecast to spend on Council delivery in a given year (Core and external funded programmes, excluding Parakiore and Te Kaha). Dotted line represents forecast for 2023/24.

Total Capital Programme: Prioritisation Criteria taken into account



Primary Driver

Why are we undertaking this project?

Delivering LOS

- Committed
- Renewals
- Level of Service
- Regulatory

Strategic Response

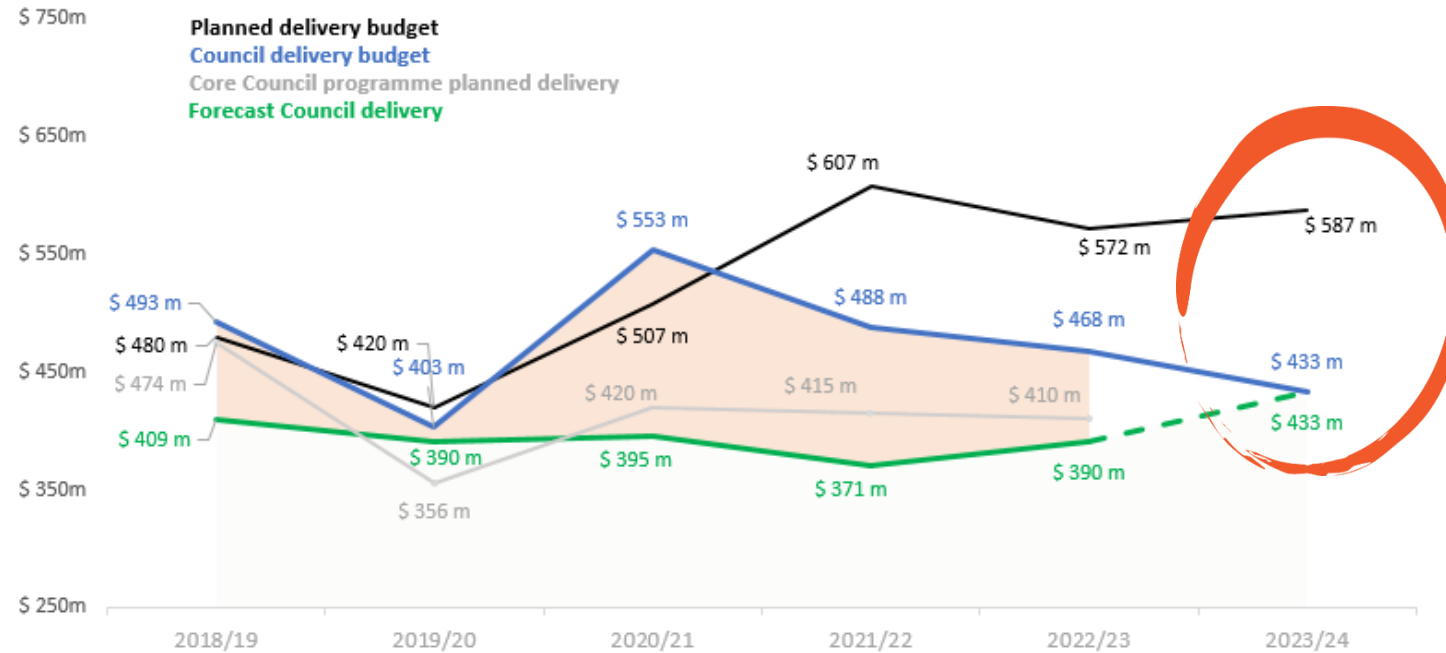
- Growth
- Economic benefits
- New services
- Special projects

- LTP21-31 re-phasing has taken into account
 - In-flight projects incl FY22 carry-forwards
 - Critical LOS
 - Project Synergies
 - Regulatory requirements**>>Net Zero change across LTP years.**

HOWEVER:

- LTP24-34 starts soon - requires more detailed engagement on **prioritisation criteria** (eg addressing things like Climate Change effects) and will draw on Strategic Framework including:
 - Infrastructure Strategy
 - Financial Strategy**>>SF/IS/FS being developed during early 2023.**

Capital expenditure: proposed delivery and budget



Budget & delivery re-aligned

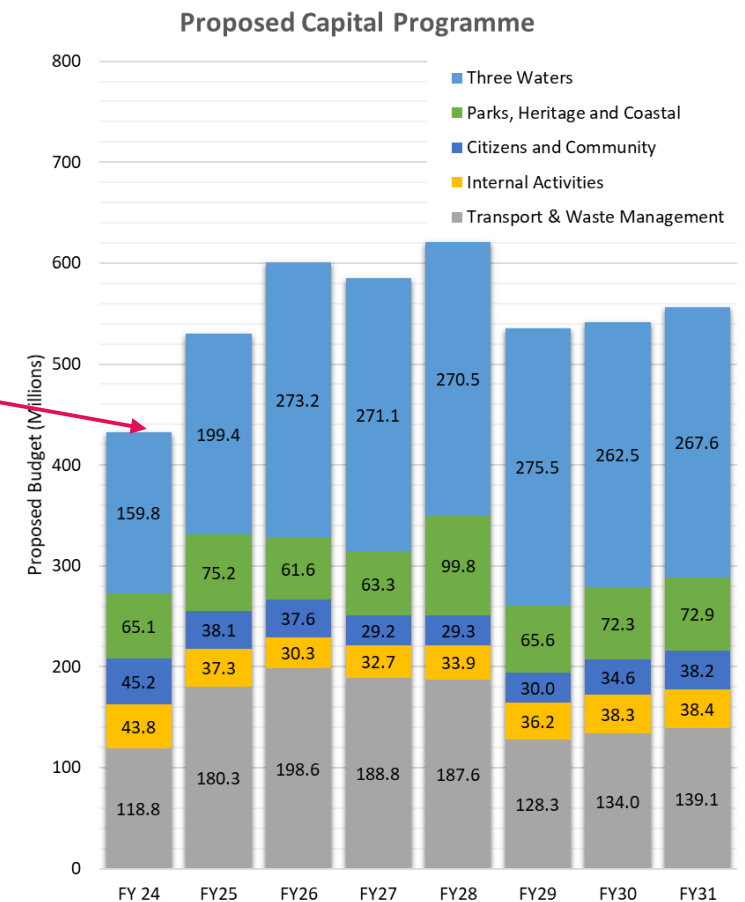
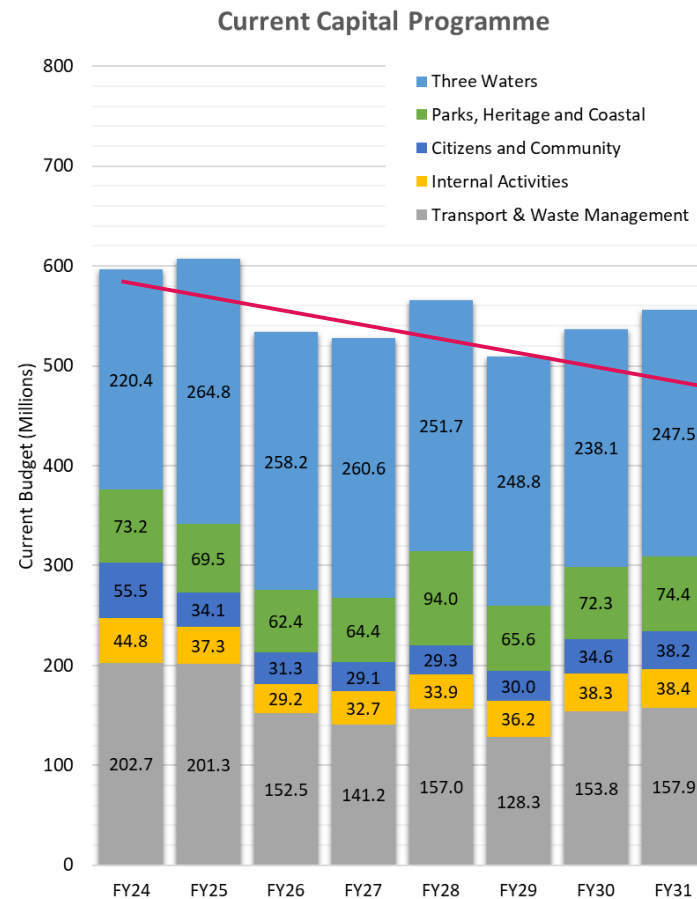
Reduction of \$164m

	<----- Long Term Plan 2018-28 ----->	<----- Long Term Plan 2021-31 ----->
Planned delivery budget :	Proposed revised Annual Plan budget for 2022/23 (\$753m to \$587m), and total amount finalised in each Annual Plan (as at Annual Plan 2022/23) or Long Term Plan. Includes Core Council programme, external funded programme, and Te Kaha and Parakiore.	
Council delivery budget :	Proposed revised Annual Plan budget for 2022/23 (from \$599m to \$433m) for Core Council and external funded programmes, excluding Parakiore and Te Kaha.	
Core Council programme planned delivery :	Planned Council-only delivery (excluding externally funded programme, and Parakiore and Te Kaha).	
Forecast Council delivery :	Amount spent or forecast to spend on Council delivery in a given year (Core and external funded programmes, excluding Parakiore and Te Kaha). Dotted line represents management forecast for 2023/24.	

AP24 Draft Capital Programme in a Nutshell : \$433m

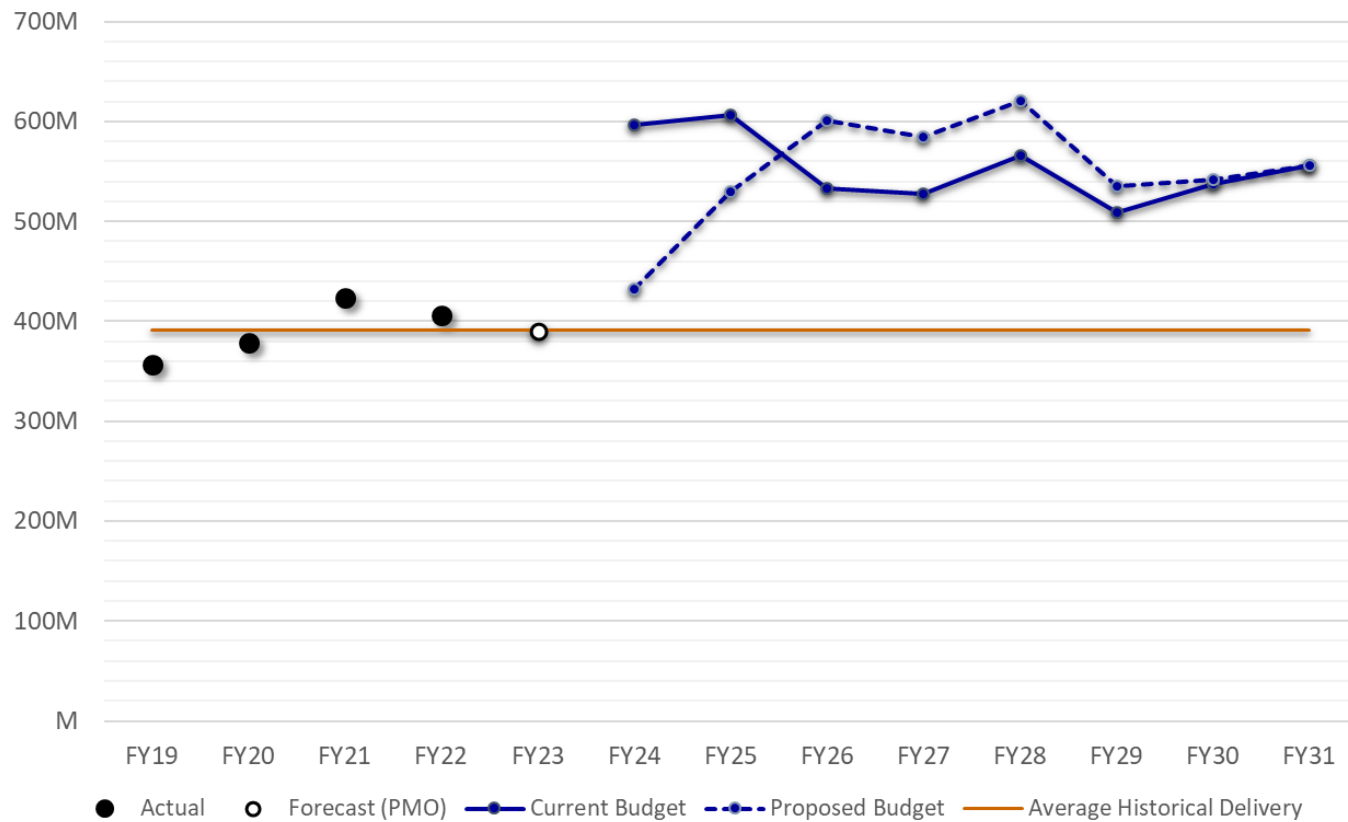
- \$164m reduction from Current Annual Plan of \$597m (by re-phasing)
- 100% delivery target.
- *Core Infrastructure definition:
 - excludes Te Kaha and Parakiore.
 - Includes gross expenditure from all funding sources (DIA, CRAF, Shovel Ready, Waka Kotahi, etc *and* CCC Funds).

LTP challenge of deliverability and affordability in FY25 beyond remains.

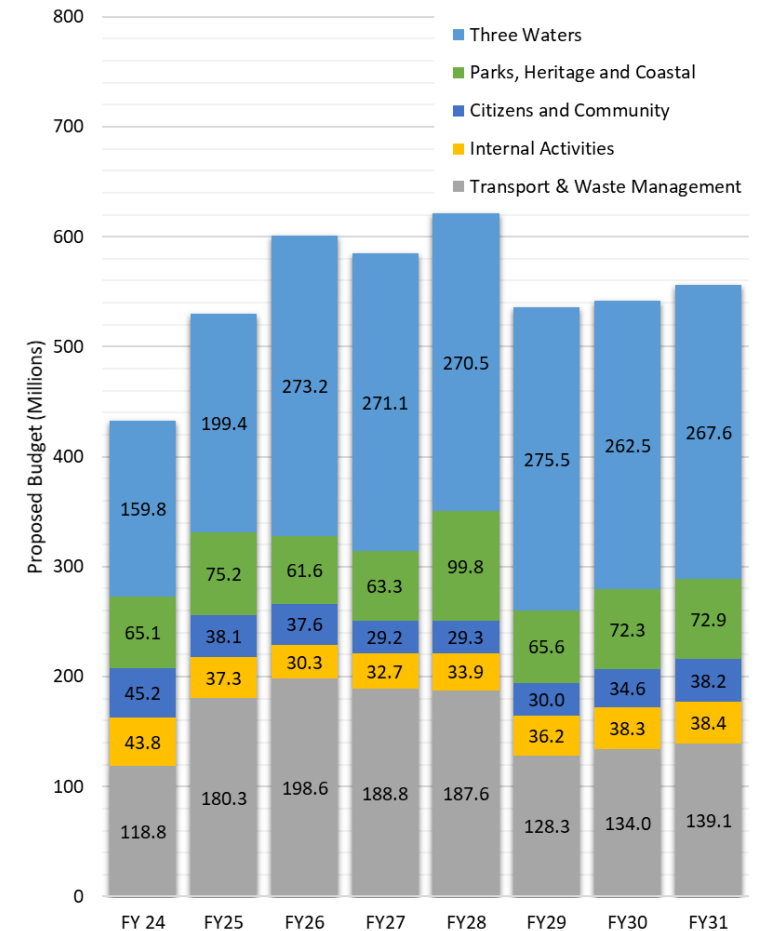


Capital Programme – Current and Proposed Budget (Excl. Te Kaha & Parakiore)

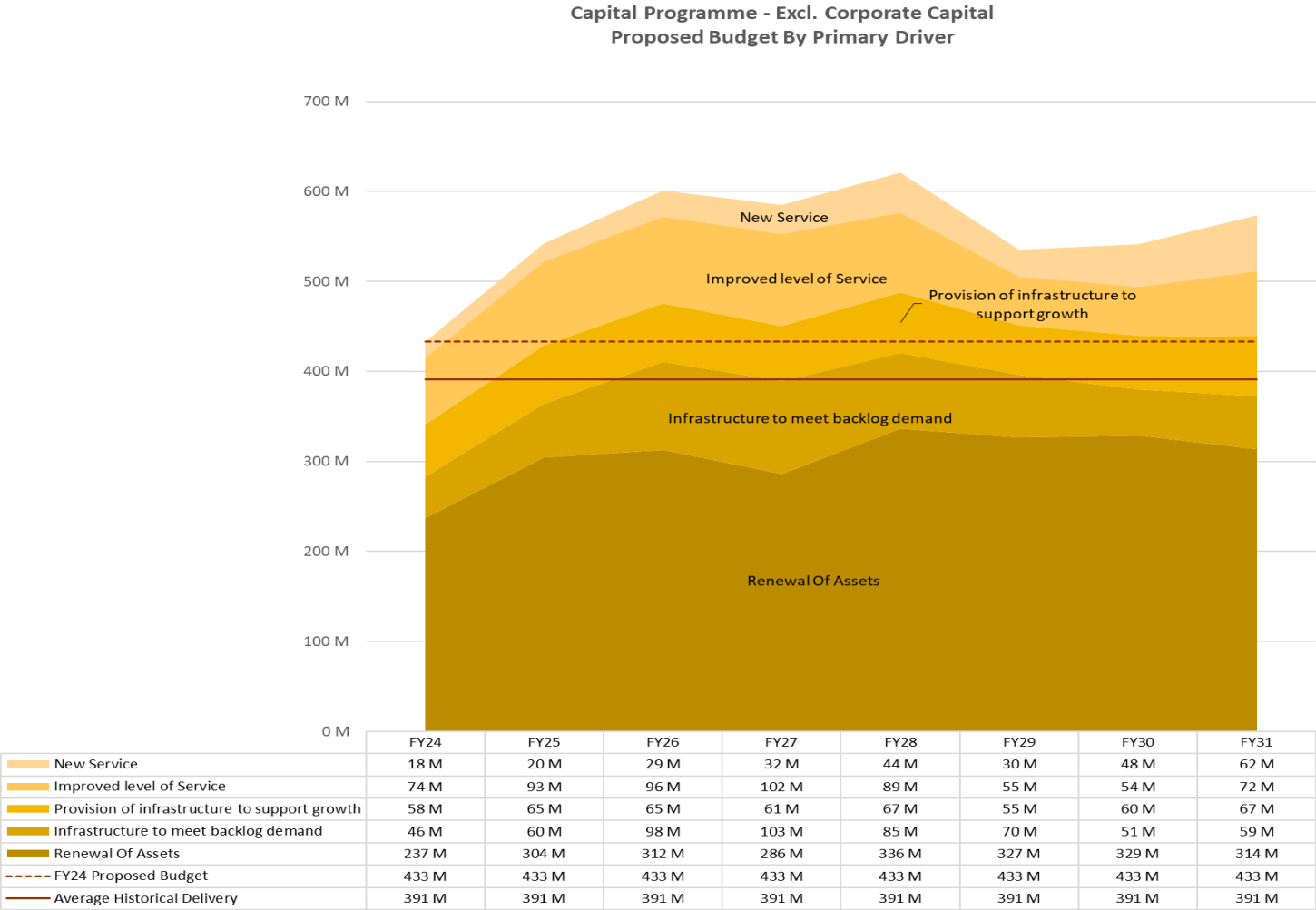
Capital Programme - Excl. Corporate Capital
Current vs. Proposed Budget



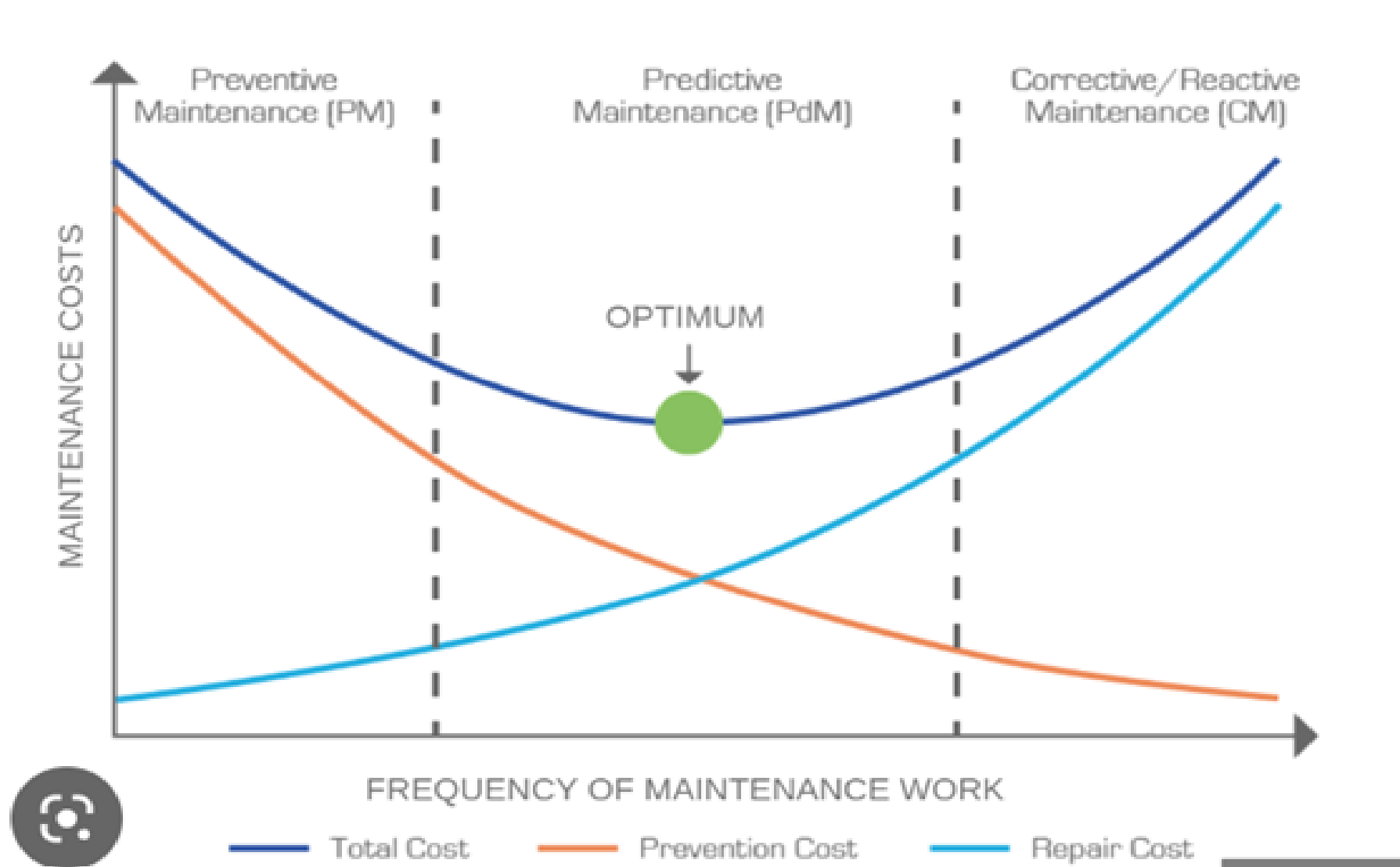
Proposed Capital Programme



Capital Programme by Primary Driver (Excl. Te Kaha & Parakiore)



Optimising spend and consequences of under-investment



FY24 Changes by Primary Driver to get to \$433m

FY24 Budget Change (excl. Corporate Capital)

	Renewal Of Assets	Infrastructure to meet backlog demand	Provision of infrastructure to support growth	Improved level of Service	New Service	Grand Total
Transport & Waste Management	-15.7 m	-25.8 m	-10.5 m	-28.5 m	-1.2 m	-81.8 m
Internal Activities	0.1 m	0.0 m	-1.0 m	-0.2 m	0.0 m	-1.0 m
Citizens and Community	-11.3 m	0.0 m	0.0 m	0.0 m	0.0 m	-11.3 m
Parks, Heritage and Coastal	-4.1 m	-0.6 m	-2.8 m	-1.2 m	0.2 m	-8.6 m
Three Waters	-39.6 m	-10.0 m	-7.5 m	0.1 m	-3.4 m	-60.4 m
Grand Total	-70.6 m	-36.4 m	-21.8 m	-29.8 m	-4.5 m	-163.1 m

These changes occur on 185 projects (24%). The remaining 587 projects remain unchanged (76%).

Our focus on Deliverability and Affordability aims to:

1. Set realistic but demandingly achievable targets.

Track record as future indicator of performance and capacity, taking into account inflationary demands.

2. Manage inflationary pressures.

Manage within Programmes, Project Contingencies and Bring Backs.

3. Accommodate carry forward “bow wave” to avoid significant re-phasing, and additional demand.

Achieve net zero effect on FY24 by substitution.

Our focus on Deliverability and Affordability aims to:

4. Ensure more in-depth assessment and re-set as part of LTP.

Infrastructure strategy (and Financial Strategy) will inform priorities and future impacts. The AP24 can't solve everything now. Reprioritisation opportunity in LTP24-34.

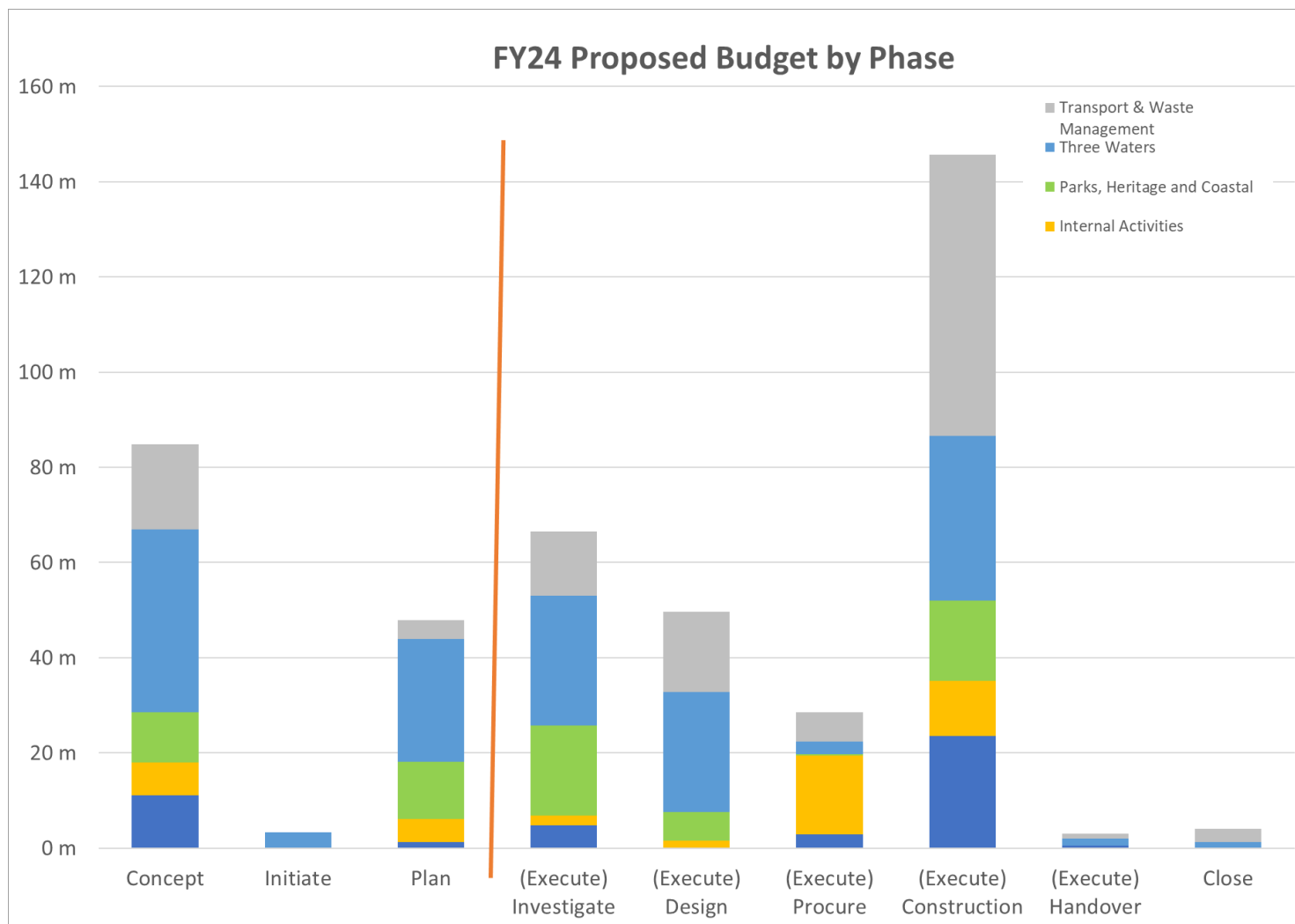
5. Secure additional External Funding sources where appropriate.

Caution on the impact of (attractive) additional external funds.

6. Focus on Transport & Three Waters as the main components of Capex.

\$164m reduction in AP24 (re-phased through balance of LTP).

How Could the FY24 Programme be further reduced to \$390m?



- Inspection of Concept – Plan phases to review potential project deferrals or cancellations.
- Compare with “in flight” (fully committed) projects.

Further assessment of Capital Programme at \$390m for AP 2024: not recommended

1. Careful consideration of consequences on assets and LOS.

Service Areas will require closer inspection and assessment of consequences if further cuts made.

2. Impact of Inflationary Pressures.

\$390m equivalent in FY24 will achieve less output than \$390m in FY23 due to cost escalations alone.

3. Further reduction to \$390m provides very little additional rates reduction (approx. 0.1%)

It does however introduce much greater risk and exposure to asset failures, regulatory non compliance and more expensive reactive maintenance.

Summary

- Significant budget re-phasing of \$164m is proposed to present a **Deliverable** Programme of \$433m. Nothing is cut – it is moved (re-phased) into FY25-31.
- **Affordability** is a consideration in the context of other financial matters associated with the AP24 and associated rates.
- The opportunity for further consideration and prioritisation of deferred projects occurs during the LTP24-34 process.
- The \$433m is comprised of defined Projects previously provided to Councillors and includes carry forwards where relevant from FY22.
- Need to recognise continued agility provisions across the Programme to target 100% expenditure against current proposed Budget.

Summary (II)

- Further possible reductions for FY24 to achieve \$390m are **not supported** by staff – they provide negligible financial benefit and expose the Council and community to greater risks of failure, regulatory non-compliance and more expensive reactive repairs (increased opex).
- Staff are recommending a \$433m programme with the right balance between prudent financial management and stewardship of the Council's assets.
- Councillor guidance and feedback on the \$433m proposed Budget is sought to inform the development of the **Draft Annual Plan FY24** for consultation.

Capex change impacts to date

Starting position	14.6%
Current year lower borrowing \$50m assumed based on current PMO capex forecast \$390m FY23	-0.7%
Reduction in 23/24 borrowing based on lower proposed capex of \$433m (re-phasing of \$163m capital through FY25-31)	-0.5%

	13.4%

Further reduction in capex to \$390m will have approx. 0.1% impact in FY24.

Attachments: Schedules

1. Current FY24-31 vs Proposed by Service Area
2. Current FY24-31 vs Proposed by Phase
3. Current FY24-31 vs Proposed by Ward
- 4 & 4a. FY23 Budget and Actuals by Service Area
5. FY24 Change Rationale Summary
6. Projects raised through Councillor feedback

These attachments are working documents and are subject to change. They may contain minor discrepancies which will be corrected in the final consultation documents.

Opex update

- Operational costs and revenue
- Rates

Opex change impacts to date

Rolled forward position after capex	13.4%
Removal of staff service level proposals	-1.4%
Updated staff capitalisation	-0.5%
Lower direct subvention receipts	0.1%
Rating base growth	-0.6%
Rating for debt repayment and asset renewals	-2.1%

Updated position	8.9%

Rating base growth

- Occurs as the City grows via subdivisions etc
- 21/22 Rates strike was \$1.5m higher than forecast = 0.2% reduction to existing ratepayers
- QV advise higher growth expected this year than last due to last year's materials and Covid delays therefore:
 - 22/23 rating growth assumption increased from 0.8% to 1.2% = 0.4% reduction to existing ratepayers.

Rating for debt repayment

- Our Debt repayment strategy is to repay debt over 30 years = 3.33% per year
- 30 years is close to the average life of all our depreciable assets
- Sometimes we include additional debt repayment to smooth rates increases for ratepayers across years
- Given the current economic situation, we have removed any additional debt repayment to avoid further burden on ratepayers.

Rating for Asset Renewals

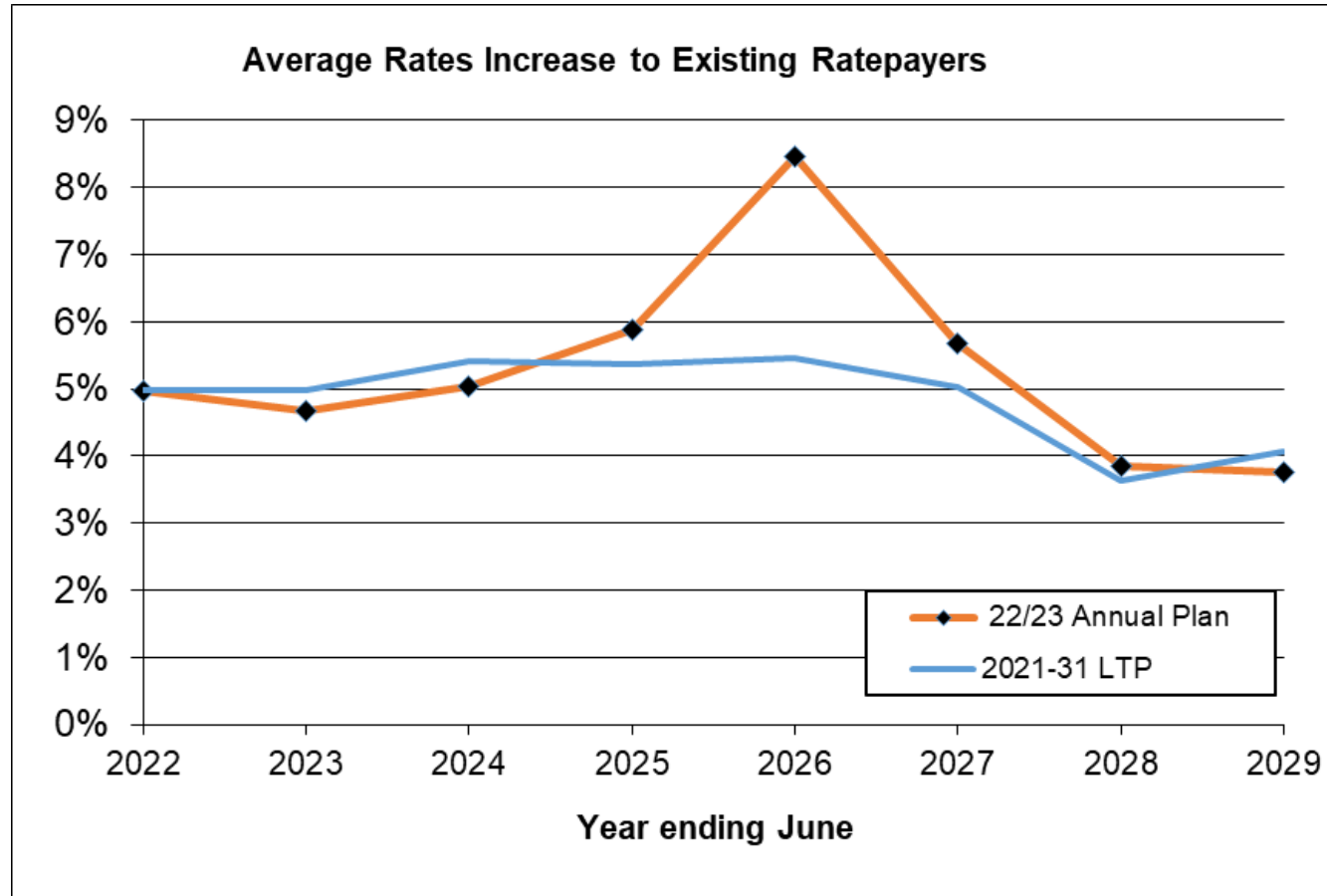
- Our Rating for asset renewals strategy is to fully fund long run (20 year average) renewals by 2031 (\$306m p.a.)
- We rate for renewals so we don't burden future generations with paying for assets we are using and wearing out now
- Currently we rate for approx 60% of renewals (\$165m). The balance, less any other funding sources, is borrowed for.
- We **currently increase rates on average 2%** each year per our Financial Strategy to close the gap and rate for 100% of renewals by 2031.
- We have reviewed and re-smoothed the increases to 2031.

Rating for Debt Repayment and Asset Renewals

As part of our prudent financial management we ensure any smoothing change does not:

- Cause us to borrow for Opex.
- Reduce headroom below our minimum.
- Breach other ratios.
- Put us at odds with our approved strategies and policies.
- Cause longer term or intergenerational issues.

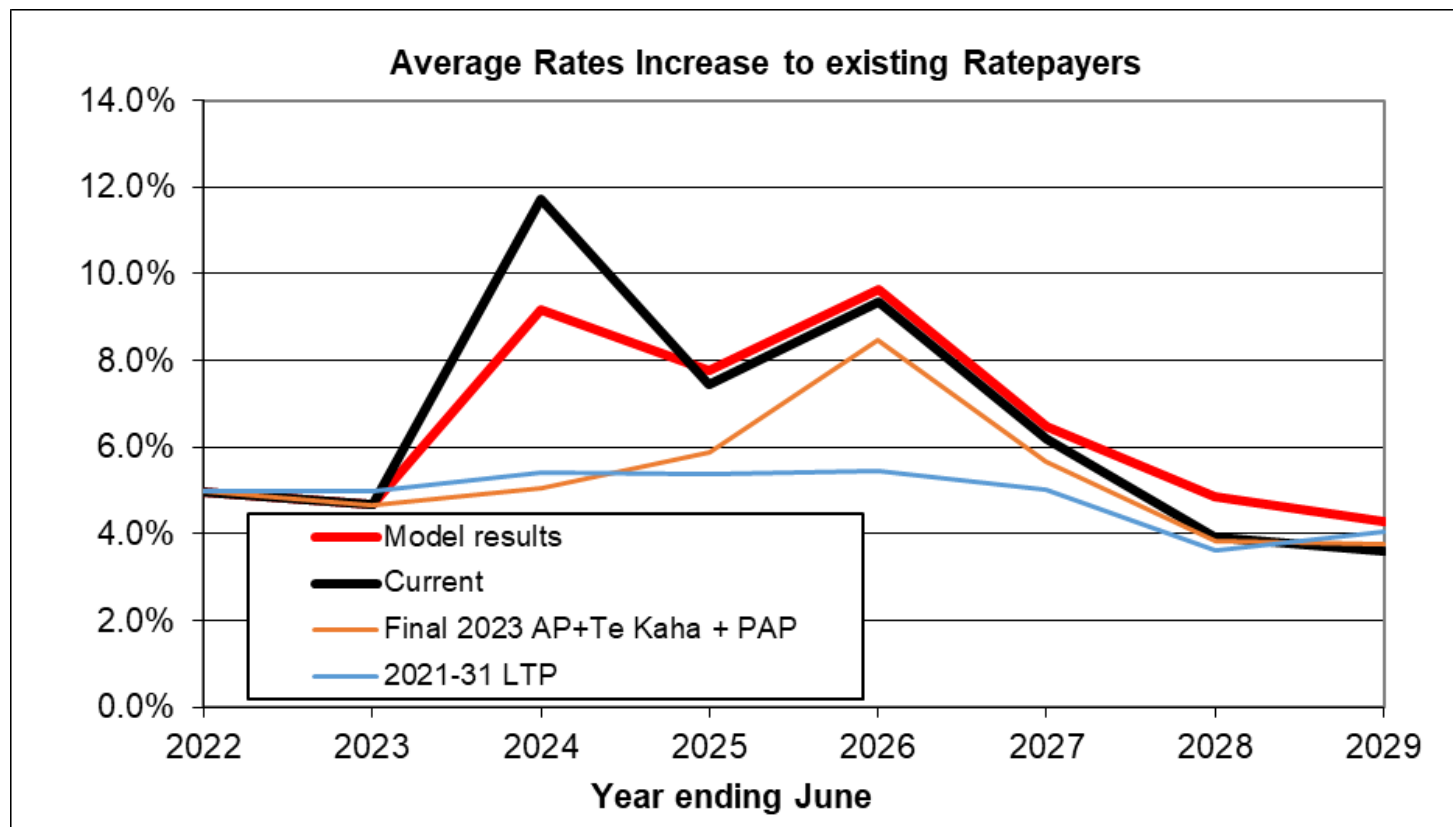
Rates Increase forecast last Annual Plan



- 22/23 Annual Plan includes post A/P Te Kaha and PAP decisions

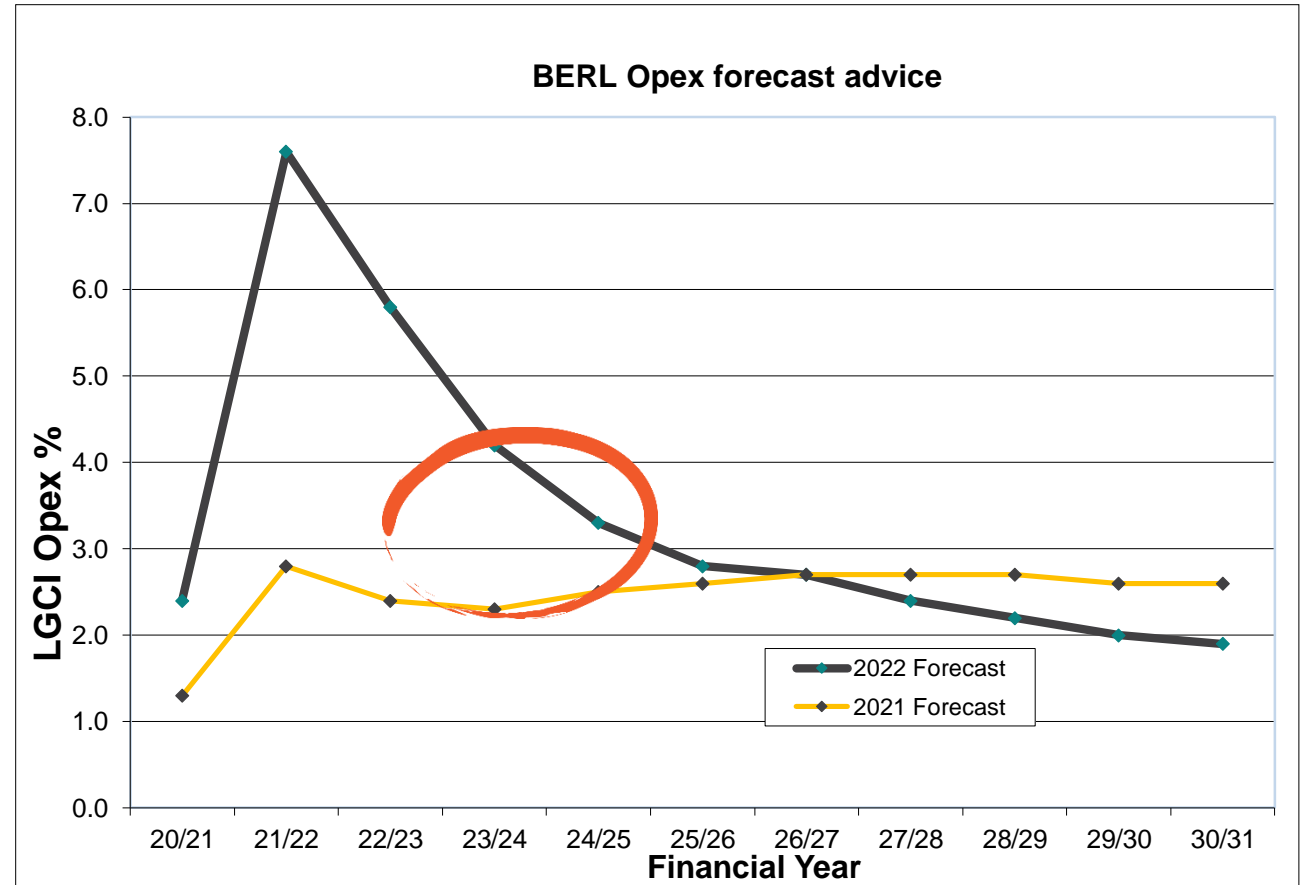
Indicative current rates position

- Red line represents current position (8.9%).
- Significant rates increases in the next few years remain projected – an LTP issue.
- Three Waters will impact.



Other considerations

- Inflation is projected to be higher in the next few years than previously, not just a current year issue.



Further options/impacts being worked on

There are a series of other potential changes currently being worked through. These include:

- Further ELT consideration of staff proposals and options.
- Vacant positions strategy/ vacancy provision.
- Fees and charges.
- Analysis of risk options around Opex inflation.
- Tax subvention options.
- Any further Council guidance.

Summary

1. Challenging circumstances likely to continue for some time eg inflation, supply chain, labour and geopolitical instability.
2. Focus on deliverability and affordability.
3. Need to balance the needs of wards with the city as a whole.
4. Maintain levels of service as far as possible.
5. Need to balance finances (affordability) with responsible stewardship of asset base.
6. Revaluation likely to impact residents but info not available til 25 January – no impact on overall rates revenue.
7. Working hard to identify further opportunities for savings to drive rates increase lower.

Summary of Rates Movement to date

Starting position	14.6%	Rolled forward position after capex	13.4%
Current year lower borrowing \$50m assumed based on current PMO capex forecast \$390m FY23	-0.7%	Removal of staff service level proposals	-1.4%
Reduction in 23/24 borrowing based on lower proposed capex of \$433m (re-phasing of \$163m capital through FY25-31)	-0.5%	Updated staff capitalisation	-0.5%
	13.4%	Lower direct subvention receipts	0.1%
		Rating base growth	-0.6%
Further reduction in capex to \$390m will have approx. 0.1% impact in FY24.		Rating for debt repayment and asset renewals	-2.1%
		Updated position	8.9%

Reminder

- QV has indicated that average values in Christchurch will rise significantly under latest revaluation.
- Will not increase Council rates take, but is likely to alter distribution.
- Staff are investigating impacts and options for discussion with Council.

Discussion

Topics for discussion

1. In light of the global and local situation is the annual plan development to date on the right track?
2. Are our assumptions appropriate?
3. Do Councillors agree with the proposed capital programme of \$433m?
4. Should any further re-phasing be explored to reduce to \$390m?
5. What guidance do Councillors wish to give regarding opex?

Capex – additional supporting information for proposed changes

(from detailed Attachments in summary form)

Citizens and Community - all changes FY24

Project ID	Project Title	Primary Driver	FY24 Change
27102	Jellie Park and Pioneer Recreation & Sports Centres Earthquake Renewals	Renewal Of Assets	-5.87 m
20836	Te Kete Wānanga o Wai Mōkihi - South Library & Service Centre Earthquake Repairs	Renewal Of Assets	-5.46 m

Total -\$11.33m

Project ID	Project Title	Proposed FY24 Budget	Proposed FY25 Budget	Proposed FY26 Budget	Proposed FY27 Budget	Proposed FY28 Budget
20836	Te Kete Wānanga o Wai Mōkihi - South Library & Service Centre Earthquake Repairs	3,000,000	9,264,000	1,133,288	0	0
27102	Jellie Park and Pioneer Recreation & Sports Centres Earthquake Renewals	0	0	5,867,024	254,414	0



Transport – key changes FY24

Project ID	Project Title	Primary Driver	FY24 Change
27273	Pages Road Bridge Renewal (OARC)	Renewal Of Assets	-7.02 m
72097	Programme – FY23 Weather Event Remediation Transport	Renewal Of Assets	4.95 m
23101	Major Cycleway - Nor'West Arc Route (Section 3) University to Harewood	Improved level of Service	-4.73 m
50462	Delivery Package - Minor Road Safety Improvements	Improved level of Service	-3.85 m
70742	Innes Road Street Renewal (Mersey to Philpotts)	Renewal Of Assets	-3.50 m
41752	Pound & Ryans Intersection Improvement	Provision of infrastructure to support growth	-2.90 m
17088	Christchurch Northern Corridor Downstream Effects Delivery Package	Provision of infrastructure to support growth	-2.71 m
2735	The Cathedral Square & Surrounds	Renewal Of Assets	-2.53 m
924	Halswell Junction Road Extension	Provision of infrastructure to support growth	-2.50 m
26608	Major Cycleway - South Express Route (Section 1) Hei Hei to Jones	Improved level of Service	-2.01 m
1993	Programme - Major Cycleway - Nor'West Arc	Improved level of Service	-2.00 m
26612	Major Cycleway - Wheels to Wings Route (Section 2) Greers to Wooldridge	Improved level of Service	-1.99 m
61030	New Brighton Roding & Transport Improvements (CRAF)	Renewal Of Assets	-1.82 m
66294	PT - Bus Priority, Lincoln Rd from Whiteleigh to Wrights (CRAF)	Improved level of Service	-1.71 m
61036	Richmond Roding & Transport Improvements (CRAF)	Renewal Of Assets	-1.62 m
61031	Riccarton Roding & Transport Improvements (CRAF)	Renewal Of Assets	-1.62 m
61020	Linwood and Woolston Roding & Transport Improvements (CRAF)	Renewal Of Assets	-1.62 m
61037	Spreydon, Somerfield, Waltham & Beckenham Roding & Transport Improvements (CRAF)	Renewal Of Assets	-1.62 m
1986	Programme - Major Cycleway - Northern Line Cycleway	Improved level of Service	-1.50 m
23100	Major Cycleway - Heathcote Expressway Route (Section 2) Tannery to Martindales	Improved level of Service	-1.41 m

Top 20 Total -\$43.7m of -\$57.0m

Project ID	Project Title	Proposed FY24 Budget	Proposed FY25 Budget	Proposed FY26 Budget	Proposed FY27 Budget	Proposed FY28 Budget	Proposed FY29 Budget
27273	Pages Road Bridge Renewal (OARC)	100,000	1,000,000	3,000,000	5,622,667	9,873,657	0
61020	Linwood and Woolston Roding & Transport Improvements (CRAF)	500,000	2,262,555	3,116,974	0	0	0

Waste – key changes FY24

Project ID	Project Title	Primary Driver	FY24 Change
60431	Organics Processing Plant Development	Infrastructure to meet backlog demand	-24.25 m
60430	Barrys Bay Site Redevelopment	Infrastructure to meet backlog demand	-1.58 m
71873	Bexley Closed Landfill	Renewal Of Assets	0.55 m
71874	Allandale Closed Landfill	Renewal Of Assets	0.44 m
71872	Gollans Bay Closed Landfill	Renewal Of Assets	0.03 m

Total -\$24.8m

Project ID	Project Title	Proposed FY24 Budget	Proposed FY25 Budget	Proposed FY26 Budget	Proposed FY27 Budget	Proposed FY28 Budget	Proposed FY29 Budget
60430	Barrys Bay Site Redevelopment	220,000	1,000,000	1,580,001	0	0	0
60431	Organics Processing Plant Development	250,000	500,000	14,000,000	14,000,000	10,508,000	0

Organics Processing Plant – EOI evaluation currently taking place, Council Report end of February 2023



Three Waters – key changes FY24

Project ID	Project Title	Primary Driver	FY24 Change
42154	WW Somerfield Pump Station and Pressure Main	Infrastructure to meet backlog demand	-4.37 m
888	WS Lyttelton Rail Tunnel Pipeline Renewals	Renewal Of Assets	-3.89 m
67806	CWTP Trickling Filter Renewal	Renewal Of Assets	-3.59 m
47123	CWTP Biogas Storage Upgrade	Renewal Of Assets	-3.19 m
32243	SW Eastman Sutherland and Hoon Hay Wetlands	Provision of infrastructure to support growth	-2.95 m
68838	WS Little River, Sparks, Springs, Various Lyttelton & Akaroa Mains Renewals	Renewal Of Assets	-2.82 m
44585	SW Highsted Wetland, Highams Basin & Pūharakekenui - Styx Stream	Provision of infrastructure to support growth	-2.50 m
64986	WS Akaroa L'Aube Hill Reservoir Replacement	Renewal Of Assets	-2.42 m
68843	WS Ayr, Darvel, Mona Vale, Mathias, Chapter, Jacksons, Peverel, Dallas, Tintern & Balrudry Mains	Renewal Of Assets	-2.37 m
60385	WW Mains Renewal - Multi-Use Arena - Barbadoes, Madras, Lichfield, Tuam	Renewal Of Assets	-2.05 m
60375	WS Mains Renewal - Multi-Use Arena - Barbadoes and Madras	Renewal Of Assets	-2.03 m
56343	SW Quarry Road Drain Conveyance Improvements & Sutherlands Road Culverts	Provision of infrastructure to support growth	2.00 m
2214	WW Duvauchelle Treatment and Disposal Renewal	Infrastructure to meet backlog demand	-1.97 m
60260	CWTP Sludge Holding Tank	New Service	-1.90 m
70853	WW Buchanans Road Mains Renewal	Renewal Of Assets	-1.85 m
60329	Programme - WS Reservoir & Suction Tank Water Security Renewals	Infrastructure to meet backlog demand	1.72 m
67456	WS Koukourārata Drinking Water Scheme	New Service	-1.50 m
71598	WS New Chlorination Equipment	Renewal Of Assets	1.50 m
17885	WS Eastern Terrace Trunk Main Renewal	Renewal Of Assets	-1.42 m
38090	SW Greens Stormwater Facility	Provision of infrastructure to support growth	-1.32 m

Top 20 Total -\$36.9m of -\$60.4m

Project ID	Project Title	Proposed FY24 Budget	Proposed FY25 Budget	Proposed FY26 Budget	Proposed FY27 Budget	Proposed FY28 Budget	Proposed FY29 Budget	Proposed FY30 Budget	Proposed FY31 Budget
64986	WS Akaroa L'Aube Hill Reservoir Replacement	2,156,894	1,601,582	2,019,896	0	0	0	0	0
67456	WS Koukourārata Drinking Water Scheme	500,000	1,450,000	3,450,000	4,000,000	500,000	0	0	0
67806	CWTP Trickling Filter Renewal	500,000	10,000	10,000	10,000	500,000	4,500,000	4,500,000	4,390,675

Projects identified by Councillors and high public interest projects

Pages Road Bridge Renewal	
<p>To construct a resilient replacement of the Pages Road bridge in New Brighton</p> <p>Estimated ~1+ year behind current budget phasing (and further potential delays) due to investigating ancillary works associated with the project. Resource constraints identified further slowing scheme design and programme</p>	

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
27273 Pages Road Bridge Renewal (OARC)									
Current Budget	7,122,667	11,273,657	1,200,000	0	0	0	0	0	19,596,324
Proposed Budget	100,000	1,000,000	3,000,000	5,622,667	9,873,657	0	0	0	19,596,324
Change	-7,022,667	-10,273,657	1,800,000	5,622,667	9,873,657	0	0	0	0

Projects Identified by Councillors and high public interest projects

CRAF Transport Programme									
CRAF Transport Programme	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Current Budget	15,234,193	16,507,708	0	0	0	0	0	0	31,741,901
Proposed Budget	4,238,321	12,018,708	13,667,897	1,816,975	0	0	0	0	31,741,900
Change	-10,995,872	-4,489,000	13,667,897	1,816,975	0	0	0	0	0

30 November - F&P regarded this programme to be “High Priority” and staff will be revisiting this Programme phasing during the Draft Plan development.

Projects identified by Councillors and high public interest projects

Central City Streets (excl. Te Kaha Streets)									
Central City Streets (excl. Te Kaha Streets)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Current Budget	6,778,104	10,203,248	20,440,747	14,294,505	13,585,084	32,262,112	39,440,006	25,584,170	162,587,976
Proposed Budget	5,334,898	6,793,108	18,358,558	17,603,809	15,790,811	32,262,112	39,440,006	25,584,170	161,167,472
Change	-1,443,206	-3,410,140	-2,082,189	3,309,304	2,205,727	0	0	0	-1,420,504

Projects identified by Councillors and high public interest projects

Central City Projects – Gloucester Street									
Central City Projects - Gloucester Street	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Current Budget	0	0	155,610	1,320,387	3,052,725	708,143	1,700,250	0	6,937,115
Proposed Budget	0	0	155,610	1,320,387	3,052,725	708,143	1,700,250	0	6,937,115
Change	0	0	0	0	0	0	0	0	0

Projects identified by Councillors and high public interest projects

Te Kaha Support

Te Kaha Support - Transport	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Current Budget	2,036,800	5,179,011	4,700,000	0	0	3,559,699	1,246,360	0	16,721,870
Proposed Budget	2,036,800	5,179,011	10,531,425	0	0	3,559,699	1,246,360	0	22,553,295
Change	0	0	5,831,425	0	0	0	0	0	5,831,425

Te Kaha - Three Waters Support	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Current Budget	6,737,020	1,932,498	0	0	0	0	0	0	8,669,518
Proposed Budget	2,648,544	2,966,249	3,054,725	0	0	0	0	0	8,669,518
Change	-4,088,476	1,033,751	3,054,725	0	0	0	0	0	0

Projects identified by Councillors and high public interest projects (ref Attach 6)

Question received from	Project ID	Project Title	Current FY24 Budget Deliverable?	Rationale for Proposed Change	FY24 Proposed Change
Councillor Donovan	27273	Pages Road Bridge Renewal (OARC)	No	Project in detailed design phase. Rephased to reflect realistic delivery programme.	-7,022,667
	60173	WW Pages Road Pump Station Pump Replacements (PS0001)	No	Budgets rephased to meet updated forecast.	-332,552
	61030	New Brighton Roding & Transport Improvements (CRAF)	No	Some reduction in FY24 required, rephased due to resource constraints. Funding will be brought forward if required.	-1,816,975
Councillor Henstock	232	Northern Arterial Extension including Cranford Street Upgrade	No	Scope for delivery in FY24 has not been identified at this time. Funding can be brought back from FY25 if needed in FY24.	-1,500,000
	243	Greers, Northcote & Sawyers Arms Intersection Improvement	No	Project in early scheme phase. New phasing reflects realistic delivery programme.	-998,552
	67987	Greers/Langdons Traffic Lights	No	Project in early scheme phase. Rephased to reflect realistic delivery.	-400,000
Councillor Johanson	60431	Organics Processing Plant Development	No	In early scoping phase, funding can be brought forward as necessary.	-24,250,000
	61020	Linwood and Woolston Roding & Transport Improvements (CRAF)	No	Some reduction in FY24 required, rephased due to resource constraints. Funding will be brought forward if required.	-1,616,974
	61734	Land Dev-DC funded-Neighbourhood Parks-Catchment 2 Suburban-Infill Growth	No	Rephased budget to align with growth related projects	-1,280,664
					-39,218,384

Projects identified by Councillors and high public interest projects (ref Attach 6)

Question received from	Project ID	Project Title	Current FY24 Budget Deliverable?	Rationale for Proposed Change	FY24 Proposed Change
Councillor Donovan	61615	SW South New Brighton & Southshore Estuary Edge Flood Mitigation	Yes	Rephasing to fit programme within the financial constraints.	-695,982
	62925	SW Waitaki Street (OARC)	Yes	Rephasing of project originally proposed due to risks relating to resource consenting issues. Three Waters now have a valid pathway regarding the Ecan consent challenges. Deferral is now due to financial constraints.	-1,035,891
Councillor Henstock	68389	Condell Ave Street Renewals	Yes	No reduction in budget proposed.	0
Councillor Johanson	1022	Central City Parking Building Replacement	Yes	There is currently no defined scope for FY24.	0
	29076	SW Charlesworth Drain (LDRP 531)	Yes	Rephasing to fit programme within the financial constraints.	-634,570
	50462	Delivery Package - Minor Road Safety Improvements	Yes	Some risk, rephased due to constraints.	-3,846,313
	60385	WW Mains Renewal - Multi-Use Arena - Barbadoes, Madras, Lichfield, Tuam	Yes	Rephasing to fit programme within the financial constraints. Project is driven by external parties.	-2,054,000
	68173	Ōtākaro-Avon River Corridor City to Sea Pathway (OARC)	Yes	Rephased budget to align with current work programme and spend profile	100,000
	72097	Programme – FY23 Weather Event Remediation Transport	Yes	Repair of damage caused by severe weather events in FY23.	4,950,000
Councillor Peters	60099	Amyes, Awatea & Springs Intersection Improvement	Yes	Not currently scheduled to start until FY25. Bringing this project forward would require offsetting with another project. (FY25 \$107,374)	0
					-3,216,757

Opex – additional supporting information

Key direction required

- Staff have worked to reduce the rates increase, largely driven by external factors (interest, inflation, insurance increases)
- To reduce further means **pushing harder on levers above**, or using more challenging levers –
 - **cutting Levels of Service**
 - **cutting/deferring grants**
 - **materially increasing user charges**

Reducing Levels of Service

- Already set by Council through 2021 Long Term Plan.
- Some LOS cuts rejected in that process.
- Some major LOS measures are mandatory (DIA).
- Significant savings only likely to be found in significant LOS - legal trigger for public consultation.
- Must provide opportunity for views of affected parties to be heard.
- Must set out proposed reduction and impact.
- History of community concern.

Reducing Levels of Service

What is Council's direction on Level of Service decreases?

Rationalising community grants

- Council funds \$18M (excl CNZ and Venues) in grants to diverse groups.
- Operational expenditure, so direct impact on rates.
- Extensively reviewed in past LTPs.
- Reduction or deferral may trigger public consultation (transparency).
- Some community groups have pre-committed LTP grants funding.
- Presently strengthening community grants are increased 2% p.a.
- History of community concern.

Rationalising community grants

What is Council's direction on rationalising grants?

Materially increasing user charges

What is Council's direction on materially increasing fees and charges?

Acknowledging various restraints exist:

- Market competition
- Community participation rates
- Legislation
- Limited to cost recovery

Next steps

Today's briefing designed to give an update on issues affecting the development of the 2023/24 Annual Plan and to seek Councillor guidance. Staff will now use that guidance to prepare further information for Council.

Next steps will be focussed on:

- Further updates
- Council advice on Annual Plan parameters and content
- Councillor direction and priorities

2023/24 Annual Plan – timeline

31 August	Brief ELT
5 Sept – 11 Oct	Planning period opens
14 Oct	HoS budgets sign-off
19 Oct	GM budgets sign-off
28 Oct – early Nov	BERL Inflation info available
Nov – Dec	Briefings
Mid-Dec	Council confirms draft AP in general terms
Staff prepare Annual Plan and Consultation Doc (if required)	
24 Jan 2023	Final draft briefing
1 Feb	ARMC report due
8 Feb	ARMC meet
9 Feb	Council report due
14 – 16 Feb	Adopt draft AP
3 Mar – 4 Apr	Open for consultation (Note: school holidays from Easter, Fri 7 Apr – Sun 23 Apr)
24 Apr	Officer responses and final coded report to EMs (finish coding by Fri 14 Apr / Officer responses & GM approval by 19 Apr)
27 Apr – 2 May	Submissions / Hearings (5 May as possible back-up)
10 May	Thematic Analysis of submissions (including key themes from Hearings)
10 May (24 Apr–3 May)	Officer responses to questions raised during Hearings to EMs
Provides space for Hearings questions to be responded to and digested, before briefings and amendments	
15 – 26 May	Councillor briefings
31 May (17 – 31 May)	Amendments due
8 June	Docs ready/ELT agenda
14 June	ELT meet
15 June	ARMC agenda
21 June	ARMC meet
22 June	Council agenda
27 or 29 June	Adopt final AP