

Property Council New Zealand

Submission on the Christchurch City Council's Long Term Plan 2021-2031

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For more information and further queries, please contact

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Christchurch City Council's Long Term Plan 2021-2031

1. Recommendations summary

1.1 Property Council New Zealand (Property Council) generally supports the Christchurch City Council's Long Term Plan 2021-2031. Property Council makes the following recommendations:

- Investigate alternative funding and fundraising mechanisms to curb unnecessarily high rates increases in the future;
- No reduction to investment currently planned, and consideration of increasing the funding to ChristchurchNZ;
- Amending the water infrastructure proposal to include consideration of the Three Waters reform work programme;
- Investigate incentive structures to encourage more Cantabrians to use public transport in line with the recommendations to reduce emissions;
- Further rationalisation of services to increase efficiencies and benefits at community facilities; and
- Consideration of further disposals if they do not meet the requirements the Christchurch City Council expects of council-owned assets.

2. Introduction

2.1 Property Council welcomes the opportunity to submit on the Christchurch City Council's Long Term Plan 2021-2031.

2.2 Property Council's purpose is "Together, shaping cities where communities thrive". We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand's overall prosperity. We support legislation that provides a framework to enhance economic growth, development, liveability and growing communities.

2.3 Property is currently New Zealand's largest industry with a direct contribution to GDP of \$29.8 billion (13 per cent). The property sector is a foundation of New Zealand's economy and caters for growth by developing, building and owning all types of property.

2.4 Property Council is the leading not-for-profit advocate for New Zealand's largest industry - property. Connecting people from throughout the country and across all property disciplines is what makes our organisation unique. We connect over 10,000 property professionals, championing the interests of over 600 member companies that have a collective \$50 billion investment in New Zealand property.

3. Overview

3.1 Property Council is supportive of the Council's Long Term Plan 2021-2031. Investing in our city's infrastructure is critical to the success of our community. We are particularly supportive of the investment in Three Waters and transport infrastructure which will see an additional \$3.7bn invested over the ten year period.

- 3.2 We are also supportive of the investment into local projects like the Canterbury Multi-Use Arena, Metro Sports Facility, part of the Ōtākaro Avon River Corridor regeneration and other shovel ready projects. Partnerships with the Government that reduce the burden on ratepayers are welcome.
- 3.3 A balance needs to be met between the demands of a growing city with the ability to fund infrastructure without crippling rates and charges increases. This includes how Development Contributions are structured and making sure there is greater clarity around calculations for non-residential developments.
- 3.4 We do not support the Council investing less than intended. We support the increases in both capital and operating costs to meet the challenges the City will face over the next decade. We also see the case for increased funding of ChristchurchNZ. We consider they have a leadership role to play in helping stimulate the City.
- 3.5 We want to emphasise the importance of ChristchurchNZ's role in stimulating sustainable economic growth for a more prosperous Christchurch. They are aimed to grow jobs, improve the economic, social and environmental competitiveness of Christchurch businesses, and promote Christchurch nationally and globally to people who want to do business, invest, study and live in the city.

4. Rates

- 4.1 Ratepayers continue to face significant financial pressure due to the impact of the COVID-19 pandemic. While New Zealand has weathered the short term implications relatively well compared to our international counter-parts, the continued impacts of our isolated position are still being felt by residential and commercial landlords. As you know, on 25 March 2020 we wrote to all local authorities and the Minister of Local Government recommending councils minimise proposed rates increases to a level that is financially prudent.
- 4.2 We commend the Christchurch City Council on their commitment to keep rate rises low over the short to medium term. We also commend the Christchurch City Council for investigating the use of further targeted rates. Property Council supports the use of targeted rates as a fairer, more transparent funding vehicle to general rates increases – so long as targeted rates replace and do not supplement the overall ratings take.
- 4.3 We consider the proposed average residential rates increase of 5 per cent for the 2021/22 financial year and the average rates increase for all ratepayers for the 2021/22 financial year of 5.56 per cent to be at the upper limit of that threshold. While desirable, we would support a relative decrease but certainly should not be any higher than proposed.
- 4.4 We are opposed to any increase in the ratings differentials. We note the proposed increases in commercial rates which is higher than residential and, given capital gains in residential, consider this to be inequitable.

Excess water targeted rates for households

- 4.5 Last year Property Council recommended the Christchurch City Council charge an excess water use targeted rate for residential households that use significantly more water than the average household. We support the Christchurch City Council's intention to implement this targeted rate. We consider the 700 litre threshold to be

reasonable. Property Council encourage the Christchurch City Council to base these targeted rates on true readings and not estimates, as well as consistent readings done every quarter as proposed and not every six months as can be the case.

- 4.6 We also generally support exemptions including when water infrastructure causes high usage due to leaks, and personal circumstances of the family. Further work should be done by Christchurch City Council to ascertain the impact of these exemptions on a very large family requiring additional water use.

Targeted rates

- 4.7 Property Council supports targeted rates for transparency and accountability. We also support targeted rates as a means for identifying where necessary and particular funding can be made to support projects of local importance.
- 4.8 To that end, we are supportive of targeted rates for heritage sites, for the Arts Centre and for the Central City Business Association. The Arts Centre is an important part of our unique heritage attraction, and we need to maximise the benefits of this to the city. However, we do not support targeted rates being added on top of the already general ratings. We note Christchurch City Council's general intention for these targeted rates to not be an extra charge but to "provide a clear picture of the portion of your rates" that are already being paid.
- 4.9 We are concerned about the proposed targeted rate for vacant central city sites. We are not opposed to a conversation on such a rate, but we are not convinced the case for a targeted rate in this instance has been met. We want good development throughout the City which contributes to its liveability and viability, not hurried development for the sake of it. We should be focussing on increasing demand not rushing supply. Along with our submission on the Draft Car Parking Policy (available here: <https://www.propertynz.co.nz/submissions/christchurch-city-council-draft-car-parking-policy-submission>) we think the Council should consider a requirement for some beautification of empty sites rather than imposing extra charges.

Alternative funding methods

- 4.10 Rates remain the main source of funding for the Council's activities up to 57 per cent from 48 per cent in the previous Annual Plan 2020/21. In the 2021/22 financial year you propose to collect \$594.8 million (excluding GST) in rates, up from \$556.4 million in the 2020/21 financial year.
- 4.11 Property Council advocates for all territorial authorities throughout New Zealand to investigate alternate funding methods. This will more accurately reflect the rating base and allow the Council to deliver much needed infrastructure. Our recommendation is consistent with the Productivity Commission inquiry into local government funding and financing. We support amending the Development Contributions policy and make further comment later on regarding your specific proposals.
- 4.12 Alternative tools may include user charges (e.g. water charges and congestion charging), targeted rates, public-private partnerships and special purpose vehicles. In particular, special purpose vehicles involve debt sitting off the Council's balance sheet and is helpful for those Council's that are approaching their debt limits. It has been successfully implemented internationally and became a foundation for the Infrastructure Funding and Financing Bill, which the Property Council supports.

- 4.13 Christchurch is seeing the benefits of increased capital expenditure on cornerstone projects throughout the city. The additional Crown funding for capital projects, such as the Canterbury Multi Use Arena construction will have a significant impact on the delivery of much needed infrastructure. However, we recognise the need to continue to fund infrastructure investment and renewal through alternative funding tools.

5. Investing in upgrading and protecting our city's water networks

- 5.1 Property Council supports investment in infrastructure networks in our city. The advent of the Three Waters reform is timely for local authorities in terms of their water infrastructure. We agree with Christchurch City Council that much of our wastewater network is old and leaky, and lets large amounts of groundwater and stormwater into the wastewater system.
- 5.2 Property Council welcomes the increased investment into water infrastructure of up to \$2.3bn over the next ten years. Further investment from central government should be considered alongside targeted rates and development contributions. We agree with the Auditors at page 66 that the “effect that the reforms may have on Three Waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes.”
- 5.3 We recommend that Council provide an alternative package – i.e. as if Three Waters reform is delivered – to provide certainty around (a) the ratings requirements in a different model and (b) how that impacts on capital expenditure over the next decade.
- 5.4 At a national level, Property Council is actively engaging with Minister Mahuta and officials on the design of the water entities and their key performance indicators. Property Council believes the success of water services and infrastructure in the future will be dependent on the success and design of the entities themselves. To that end, Property Council will continue to work with central and local government to ensure the entities are fit for purpose.

6. Investing in our transport infrastructure

- 6.1 Property Council is supportive of the proposed strategic framework, as it is prioritising enabling communities, climate change, the safety and sustainability of water supply and accelerating momentum. These are essential priority areas for ensuring Christchurch's prosperity now and into the future.
- 6.2 However, the most recent Ministry of Transport data shows only 35 percent of people in Christchurch used public transport (buses, trains or ferries) compared to 60 per cent in Auckland, 77 per cent in Wellington and 40 per cent nationally. It means that Christchurch residents spend on average 221 hours in private motor vehicles, versus just 10 hours on public transport, compared to Aucklanders spending 187 hours driving and 25 hours on public transport and Wellingtonians spending 134 hours and 34 hours respectively.
- 6.3 Consideration should be made how to better incentivise public transport uptake in Christchurch. Better infrastructure is only one part of the incentive structure –

cheaper, more efficient and more diverse public transport options provide better incentive structures. Changing behaviour through incentives rather than expectations will result in better outcomes and help Christchurch City Council reach its emission reduction goals.

- 6.4 Property Council submitted to the Council on its draft car parking policy. Our submission supported several recommendations to help improve the uptake and experience of public transport. In particular, incentivising the use of other modes of transport to reduce emissions and improve the parking availability within the centre city. A link to our submission can be found at para 4.9.

7. Our facilities

- 7.1 Property Council supports investment to stimulate the local economy and provide new facilities and opportunities for people in the city and outside it. We agree with the proposed \$550.3 million investment over the next ten years into community facilities, with a further \$197.7 million coming from the Government. The Performing Arts Precinct, Metro Sports Facility, the Avon River Precinct and the Canterbury Multi-Use Arena in particular will bring significant benefits to the community when complete.
- 7.2 Further, we support the rationalising of services across some of the community facilities such as Tūranga and service centres. It makes sense to provide library and other services when they are at their busiest and investigate when Christchurch City Council can reduce opening hours with minimal impact on how, and when, residents like to use their local library.
- 7.3 We recommend further rationalisation of services across community facility assets that make sense and will not reduce the overall delivery of community services. For instance, we note rationalisation of service centres is happening because “people now choose to use our online and phone services to make payments to the Council.” Similar opportunities should be sought for other services delivered by the Christchurch City Council.

8. Funding for base isolation of the Robert McDougall Art Gallery

- 8.1 In 2019 Property Council supported earthquake strengthening of the Robert McDougall Art Gallery subject to public consultation during the 2021-2031 Long Term Plan process. We continue to support the base isolation of Robert McDougall Art Gallery at a cost of \$11.8 million to protect the museum’s valuable heritage collections and enable international lenders to exhibit in the building.
- 8.2 We do note that the project is not currently accounted for in the proposed rates increase and if a decision is made to fund base isolation, there would be a 0.07 per cent rates increase. While we do not consider this rates increase to be material significant, we recommend the Christchurch City Council consider either a targeted rate or a charge be levied on museum users to reduce the impact on rates this could cause.

9. Potential disposal of surplus Council-owned properties

- 9.1 Property Council submitted to the Christchurch City Council on the Draft Car Parking Policy that Council should dispose of carparking assets and consider future divestment of assets. We are supportive of Christchurch City Council further doing so across the entire asset stock to improve service delivery.
- 9.2 Further, we support the disposal of the two properties listed under the Reserves Act 1977 subject to meeting the requirements of that Act.

10. Conclusion

- 10.1 Property Council generally supports the direction the Christchurch City Council is taking with its Long Term Plan 2021-2031. We do make the following recommendations:
- Investigate alternative funding and fundraising mechanisms to curb unnecessarily high rates increases in the future;
 - Amending the water infrastructure proposal to include consideration of the Three Waters reform work programme;
 - Investigate incentive structures to encourage more Cantabrians to use public transport in line with the recommendations to reduce emissions;
 - Further rationalisation of services to increase efficiencies and benefits at community facilities; and
 - Consideration of further disposals if they do not meet the requirements the Christchurch City Council expects of council-owned assets.
- 10.2 Property Council would like to thank the Christchurch City Council for the opportunity to provide feedback on the 2021-31 Long Term Plan as it gives our members a chance to have their say in how Christchurch is shaped, today and into the future.
- 10.3 Any further queries do not hesitate to contact Liam Kernaghan, Senior Advocacy Advisor, via email: liam@propertynz.co.nz or cell: 021715108.

Yours sincerely,



James Riddoch
South Island Regional Chair
Property Council New Zealand