

Property Council New Zealand

Submission on

Christchurch City Council's Draft Annual Plan 2026/27

27 March 2026

For more information and further queries, please contact

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Christchurch City Council's Draft Annual Plan 2026/27

1. Summary

- 1.1 Property Council New Zealand's South Island Regional Committee ("Property Council") welcomes the opportunity to provide feedback on Christchurch City Council's Draft Annual Plan 2026/27 ("draft Annual Plan").
- 1.2 Property Council is concerned that the draft Annual Plan proposes significant rates and fee increases, alongside continued business and vacant site differentials, placing pressure on ratepayers and investment. A stronger focus is needed on reducing expenditure, improving transparency and forecasting, and adopting alternative funding approaches.

2. Recommendations

- 2.1 At a high level, we recommend that Christchurch City Council:
 - Review and reduce the operational expenditure (currently sitting \$56.4m higher than forecasted in the Long Term Plan);
 - Provide clarification for fee increases, including the cost drivers, and how they reflect genuine cost recovery;
 - Incorporate a phased plan for the complete removal of the business differential in next year's Long-Term Plan and investigate alternative funding mechanisms;
 - Incorporate a phased plan for the complete removal of the vacant site differential in next year's Long-Term Plan; and
 - Investigate a Regional Deal with Central Government;
 - Avoid imposing further rates increases on ratepayers to restore Christchurch's iconic buildings, and instead investigate alternative funding mechanisms;
 - Optimise the existing road network to address ongoing congestion challenges in the central city; and
 - Embed efficient traffic movement as a core principle in all future roading designs.

3. Introduction

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive".
- 3.2. The property sector shapes New Zealand's social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.
- 3.3. Property is the largest industry in Canterbury. There are around \$245.5 billion in property assets across Canterbury, with property providing a direct contribution to GDP of \$4.5 billion and employment for 34,860 Canterbury residents.

- 3.4. We connect property professionals and represent the interests of 172 Canterbury based member companies across the private, public and charitable sectors.
- 3.5. This document provides Property Council's feedback on [Christchurch City Council's Draft Annual Plan 2026/27](#). Comments and recommendations are provided on issues relevant to Property Council's members.

4. Cost of doing business

Rates

- 4.1. Rates remain the primary source of funding for Christchurch City Council's activities. For the 2026/27 financial year, the Council proposes to collect \$913 million in rates, representing a proposed increase of 7.96%. It is disappointing that this is higher than the 5.8% increase previously indicated in the Long-Term Plan.
- 4.2. The rates increase for businesses is higher again at 8.7%, placing additional pressure on a sector already facing rising operating costs. Rates form a significant component of property operating expenses, and over time have increased faster than inflation. While occasional increases above inflation may be manageable, the cumulative effect of large, year-on-year increases compounds costs and places growing pressure on property owners and tenant businesses.
- 4.3. It is also concerning to see that the operational expenditure for 2026/27 is projected to be \$56.4 million higher than forecasted in the Long-Term Plan. It is important to ensure that local authorities are operating efficiently and implement accurate forecasting to avoid unexpected costs for ratepayers. Such discrepancies undermine confidence in Christchurch City Council's ability to manage finances effectively, creating uncertainty for both ratepayers and businesses. Christchurch City Council needs to review and more accurately forecast operational expenditure.

Proposed increases to fees and charges

- 4.4. For the 2026/27 financial year, Christchurch City Council plans to increase processing fees for several types of resource management applications, particularly non-notified and other land use applications. These fees are intended to recover processing costs. Of particular concern is the 37.5% increase in fees for non-notified land use applications for three or more units, rising from \$4,000 to \$5,500.
- 4.5. The consultation material does not clearly explain the reason for increases of this scale, and we request further clarification. Transparency around fee setting is important for the development sector, as application costs directly affect project feasibility and investment decisions. Clear justification helps provide confidence that fees reflect genuine cost recovery and enables the sector to plan with greater certainty.

5. Business differential

- 5.1. Property Council supports the reduction of the business differential from 2.22 to 2.00. The use of rating differentials has been consistently opposed by Property Council as they are collected within the pool of general rates, leaving businesses unable to identify where these funds are spent. This leads to lack of transparency and equity concerns. In saying that, we are pleased to

see that no increases have occurred for this year's annual plan, creating consistency for commercial ratepayers.

- 5.2. While we support the reduction, we would ultimately like to see the business differential removed entirely and ask that Christchurch City Council include a phased plan for its removal in next year's Long-Term Plan.

Alternative funding

- 5.3. Property Council advocates for all local authorities throughout New Zealand to investigate alternative funding methods. We support the use of transparent, user-pays funding models for local government. Examples of these models include targeted rates, user-pays models and Special Purpose Vehicles. These alternative models meet the legislative principles of transparency and objectivity for funding local government set out in both the *Local Government Act 2002* and *Local Governing (Rating) Act 2002*. Our approach is also consistent with the recommendation of the New Zealand Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources¹.

6. Vacant site differential

- 6.1. Property Council has made extensive submissions opposing the vacant site differential imposed in 2022/23². Since its introduction, the vacant site differential has been extended beyond the city and onto commercial zoned areas across Christchurch. We continue to oppose the vacant site differential and would like to see a phase out plan put in place by next year's Long-Term Plan.

7. Regional Deals

- 7.1. We recommend that Christchurch City Council investigate a Regional Deal between Central and Local Government which could unlock funding and create certainty for future infrastructure investment. Having greater financial support and investment from Central Government will drive improved infrastructure outcomes across Christchurch. This will also help unlock Christchurch as an exciting place to live, work, play and shop, as well an attractive destination for investment and development.

8. Restoring Christchurch's iconic buildings

- 8.1. Our members appreciate the importance of restoring Christchurch's iconic buildings, which are central to the city's identity and heritage. Timely progress is essential to preserve these landmarks and support their ongoing role for the community and the city. At the same time, any restoration should be advanced in ways that do not place an undue burden on ratepayers. We therefore recommend Christchurch City Council investigate alternative funding mechanisms, including external fundraising, asset recycling, and Central Government support, to enable these projects to be completed.

¹Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

²<https://www.propertynz.co.nz/submissions/property-council-submission-to-christchurch-city-council-on-the-draft-annual-plan-2023-2024>

9. City centre traffic concerns

9.1. Property Council members notes that the slow nature of traffic in Christchurch is a concern for the city. With the One New Zealand Stadium opening in April, traffic is expected to increase, making it even more important that the Council takes immediate steps to optimise the existing road network. Efficient traffic movement should also be a key consideration in all future roading designs to ensure the city remains accessible, functional, and supports ongoing economic activity.

10. Conclusion

10.1. Property Council advocates for the creation of a well-designed, functional and sustainable built environment. We are concerned that the draft Annual Plan's rates, fees, and differentials place pressure on ratepayers and businesses. Council should focus on cost control, transparency, and alternative funding to ensure Christchurch remains vibrant and attractive for business and visitors.

10.2. Property Council members invest, own, and develop property in Christchurch. We wish to thank Christchurch City Council for the opportunity to submit on Christchurch City Council's Draft Annual Plan 2026/27 as this gives our members a chance to have their say in the future of our city. **We also wish to be heard in support of our submission.**

10.3. Any further enquires do not hesitate to contact Samantha Lay Yee, Senior Advocacy Advisor, via email: samantha@propertynz.co.nz or phone: 09 300 9580.

Yours Sincerely,



Tom Chatterton
South Island Committee Chair
Property Council New Zealand