

Property Council New Zealand

Submission on

Christchurch City Council's Draft Annual Plan 2025/26

28 March 2025

For more information and further queries, please contact
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Christchurch City Council's Draft Annual Plan 2025/26

1. Summary

- 1.1 Property Council New Zealand South Island Region Branch ("Property Council") welcomes the opportunity to provide feedback on Christchurch City Council's Draft Annual Plan 2025/26. We are concerned that Christchurch City Council is proposing regular rates increases at 3.7 to 4 times the annual CPI increase. Continued significant rates increases have flow on impacts for businesses, employment and the vibrancy of Christchurch. We wish to see the Council reduce costs where possible and investigate alternative funding and financing methods as well as Regional Deals to ensure Christchurch can be a vibrant place to live, work, play and shop.
- 1.2 Property Council continues to oppose Christchurch City Council's vacant rate differential and would like to see this phased out. We also seek information on the income and spend of the vacant rate differential within our submission.

2. Recommendations

- 2.1 At a high level, we recommend that Christchurch City Council:
- Review and reduce the operational expenditure (currently sitting \$17.5m higher than forecasted in the Long Term Plan);
 - Seek advice on the cumulative impact of rates and fees for the commercial sector;
 - Investigate alternative funding mechanisms;
 - Investigate a Regional Deal with Central Government;
 - Remove the vacant site differential in areas where council beautification of sites has been completed, and develop a plan to remove the vacant site differential over a period of time;
 - Provide Property Council with a report under the Official Information Act on what the vacant site differential has funded in Christchurch since its adoption (see paragraph 5.4); and
 - Undertake a full and thorough consultation with the community on any proposed street changes.

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 149 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 2025/26](#). Comments and recommendations are provided on issues relevant to Property Council's members.

4. Rates

- 4.1. Rates remain the main source of funding for the Christchurch City Council's activities with Christchurch City Council proposing to collect \$838.5 million in the 2025/2026 financial year, which means a proposed 7.5% proposed rates increase for residential ratepayers and a 8.2% rates increase for commercial ratepayers. This is slightly below last year's Long-Term Plan which predicted an average rate increase of 8.48% for the 2025/2026 financial year.
- 4.2. In saying that, it is concerning to see that operational expenditure for 2025/26 is projected to be \$17.5 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.

Cumulative rates and increases in Christchurch

- 4.3. We are concerned about the cumulative costs imposed on businesses and developers in Christchurch, especially those that are ongoing and not one-off costs. This could lead to the decline of numerous businesses and does not promote Christchurch as a place to invest and develop.
- 4.4. The below list is an example of some proposed costs increases and fees in Christchurch:
 - Christchurch City Council's proposed Annual Plan rates increase of 7.5% (this is 3.7 to 4 times the annual CPI increase);
 - Christchurch City Council's proposed business rates increase of 8.2%;
 - Christchurch City Council's business differential of 2.22;
 - Christchurch City Council's vacant site differential of 4.523;
 - Christchurch City Council's proposed increase to development contribution fees;
 - Rates collected for depreciation;
 - The Climate Resilience Fund;
 - Potential refurbishment of the Cathedral Square Chalice;
 - Coss relating to the expiry of existing demand credits; and

- Increased insurance costs.

4.5. We recommend that Christchurch City Council seek advice on the cumulative impact of rates and fees for the commercial sector.

Alternative funding

4.6. 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.

5. Business differential and vacant site differential

5.1. Although the business differential has not increased in the proposed Annual Plan, Property Council's view on business differentials remains unchanged. 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. Property Council has made extensive submissions opposing the vacant site differential imposed in 2022/23. Since its introduction, the vacant site differential has been extended beyond the city and onto commercial zoned areas across Christchurch (such as New Brighton, Sydenham, Commercial Banks). **We continue to oppose the vacant site differential and its extension.**

5.3. Property Council notes that the original intention of the vacant site differential was to beautify areas of Christchurch that had vacant sites. We would therefore, like to see the vacant site differential removed in areas where council beautification of sites has been completed. We would also like to see a plan established to phase of the vacant site differential.

5.4. Property Council is seeking information on the implementation of the vacant rate differential and whether it is ring-fenced to the area of collection. Under the Local Government Official Information and Meetings Act 1987, we call for Christchurch City Council to provide Property Council New Zealand with a transparent report on the following:

- Whether the vacant site differential is ring-fenced;
- The total amount the vacant site differential has collected in each commercial zoned area since its introduction;
- What the vacant site differential has funded in Christchurch in each commercial zoned area, including project name and project costs (with a breakdown of spending);

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

- Whether the vacant site differential is ring-fenced towards beautification projects as intended; and
- Any future planned funding from the vacant site differential.

6. Regional Deals

- 6.1. 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. Regional Deals are a long-term agreement between central and local government to establish shared infrastructure investment and an agreed pipeline of funding. 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.

7. Christ Church Cathedral targeted rate collection

- 7.1. Property Council members have mixed views on the Christ Church Cathedral targeted rate collection. Therefore, Property Council will not be making a comment on either proposal. However, we cannot underplay the importance of the Square and the Cathedral to the city and it is imperative that a solution is needed that does not continue to burden ratepayers.

8. City Centre traffic management concerns

- 8.1. In the past, Property Council has raised concern about how continual road changes within the City Centre, has and continues to impact the business community. In the last few years, we have seen:
- Manchester Street become a priority bus route, which has caused regular traffic to avoid the area due to poor traffic management;
 - Park Terrace reduced to a mostly a single lane road, whereas it previously had dual lanes. Additionally, the speed limit on Park Terrace has been lowered to 30 km/h;
 - Narrowed roadways and removal of most of parking on Park Terrace; and
 - The surrounding area around One Stadium lose a significant amount of street parking with more roads are being narrowed.
- 8.2. Since the 2011 earthquakes, the private sector has invested heavily to revitalise the CBD. However, the continual removal of car parks and reduction of speed to 30km/hr to some central city roads not only undermines this investment but has the potential to cause significant economic loss to the city. There needs to be a balance struck. If this approach continues, there will be an unintended consequence, which is the rapid decline of the CBD as an attractive place to come and enjoy, shop and do business.
- 8.3. We are also concerned that Christchurch City Council has been implementing temporary street changes without undertaking a full and thorough consultation with the community. Many temporary street changes have become permanent due to the cost of reversing the temporary state. We strongly urge the Council to provide local businesses and property owners with sufficient time to provide feedback for each proposed street change (whether temporary or

permanent), given the economic impact these changes will have on local businesses and surrounding neighbourhoods.

9. Conclusion

- 9.1. Property Council advocates for the creation of a well-designed, functional and sustainable built environment. We are concerned about the cumulative costs and fees being imposed on businesses, as well as the significant traffic management issues in the City Centre, as this impacts Christchurch's appeal as an attractive destination for investment. We continue to oppose the vacant land rate differential. We urge Christchurch City Council to review the cumulative impact of rates increases are having on the business community and reduce unnecessary spend.
- 9.2. 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 2025/26 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.**
- 9.3. Any further enquires do not hesitate to contact Sandamali Ambepitiya, Advocacy Advisor, via email: sandamali@propertynz.co.nz or cell: 0210459871.

Yours Sincerely,



Tom Chatterton
South Island Committee Chair
Property Council New Zealand