

Making smart choices for our city

Dear Residents,

When we were elected last year as your Council, we said we would be up-front about the decisions we were making and why.

That's why we decided to 'open the books' so we could all see the extent of the financial challenges we face and what choices we could make.

We need *you to be fully involved* if we are going to make the right choices - the smart choices.

It is important for you to understand that there are some decisions we can make as a Council and others we can only make with the agreement of our partner in the rebuild, the Government.

For example, under the Cost Sharing Agreement made between the Council and Crown in June 2013, *the parties jointly committed \$4.8 billion* towards the rebuild of our city. More than half of this was earmarked to repair our roads and pipes - \$1.8 billion from the Crown, and \$1.14 billion from the Council. However the final costs are likely to be higher but we won't know how they will be shared until an independent review comes out in November. Nor do we yet know how much our final insurance settlement will be.

Despite this uncertainty we need to get on with the job we came to do: getting our city back on its feet and making sure all our communities have access to the critical services and facilities we need to help us recover and thrive.

Fortunately, as a Council, we do have the resources to meet these *financial challenges*, but there is no single, simple solution and every decision will have a flow-on effect.

As we prepare our Long Term Plan for the next 10 years we are going to have to be very clear about our priorities and be *open to new ways of working* with business and the community to get things done.

Next March you will have the chance to tell us what you think about this Plan. But right now we need to get a sense of what projects and services you think the Council should be prioritising and how we might pay for them.

That is why it is vital we get input from all parts of our community because the decisions we make will have a significant impact on everyone in Christchurch - not just now but for future generations.

If you want to help influence these decisions please take the time to go online at yourvoice.ccc.govt.nz or visit a Council library or service centre to find out more about the Plan and how you can get involved.



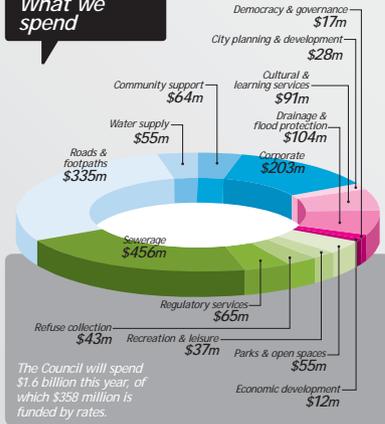
Lianne Dalziel
Mayor of Christchurch

Our City. Our Future.
Have your say at
yourvoice.ccc.govt.nz

Christchurch
City Council

We need your help making some smart choices

What we spend



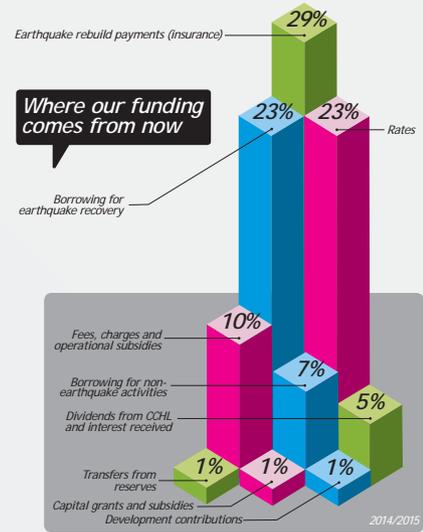
What we are committed to

The Cost Sharing Agreement with the Crown commits us to the following projects

Project	CCC Contribution (\$m)	Crown contribution incl. land (\$m)	Project delivery
The Frame	\$0	\$481	Crown
Convention Centre Precinct	\$0	\$284	Crown
The Stadium	\$253	\$37	Crown
Metro Sports Facility	\$147	\$70	Crown/CCC
Bus Interchange	\$40	\$51	Crown
Avon River Precinct	\$6	\$89	Crown
The Square	\$5	\$5	Crown/CCC
Performing Arts Precinct	\$158 inc. Town Hall	\$8	Crown/CCC
Central Library	\$60	\$19	CCC
Car parking	\$70	\$0	CCC/Private
Transport Plan	\$27	\$44	Crown/CCC
Horizontal Infrastructure	\$1.14b	\$1.8b	Crown/CCC
Total	\$1.9 billion	\$2.9 billion	

Final costs will almost certainly be significantly more and do not include operating costs.

There is no simple solution



Could we increase rates?

- If we make no changes we face annual rate increases of 25% to 30% annually for a couple of years.
- Keeping rates increases to under 10% is possible if we budget carefully, reduce services, delay some projects, and find other sources of funding.
- The demolition of thousands of damaged buildings led to a big drop in the amount the Council receives in rates. As a result we borrowed more money to maintain services which is unsustainable.
- Our rates are moderate compared with our neighbouring and other metro councils.

Could we reduce services?

- The Council intends saving 2% annually on operational spending over the next three years.
- This could result in a reduction in services.
- The Council could consider changes to service levels, such as opening hours for facilities such as libraries and recreation and sport centres
- Or we could reduce the amount we spend on roads, economic development and events.

Could we delay things?

- The Council is committed to spending about \$783 million on Central City anchor projects and at least \$1.14 billion on fixing roads and pipes, a figure which could yet rise further.
- The Crown would have to agree to any changes to major projects, such as the stadium.
- We have more than \$100 million worth of swimming pools, libraries and other community facilities to repair and rebuild.
- We could hold back on replacing or completing repairs until we can afford them, but old or damaged facilities can be expensive to maintain.

Could we borrow more?

- Borrowing gives us fast access to funds, which allows us to get on with the rebuild.
- We borrow mainly through the Local Government Funding Agency which sets limits on how much we can borrow based largely on our ratio of net debt to revenue.
- If we don't make changes, we will reach our debt limit by 2017.
- We are already paying \$60 million per year in interest on our existing debt and we borrow more than a third of that.

Could we sell assets?

- The Council's commercial arm Christchurch City Holdings Ltd (CCHL) owns assets worth \$1.5 billion.
- These assets include Christchurch International Airport, the Lyttelton Port Company, Orion, City Care, Red Bus and Enable.
- We could sell some of our shares while maintaining control through a majority shareholding, or we could sell some individual assets partially or in full.
- This would reduce debt and interest costs, but could reduce our income from dividends.

Could we improve returns from assets?

- Over the past 10 years CCHL has returned \$457 million in dividends and capital repayments to the Council.
- There may be potential for our companies to pay higher dividends.
- There may be potential for our companies to take on more debt, but this could have an impact on dividends.

We need to look at all available options, and choose the combination that best meets the city's needs.



Up to **\$800-\$900 million** Shortfall 2017-19

Help us make smart choices

To register:

- go online at yourvoice.ccc.govt.nz
- visit a Council Service Centre or Library, or phone 941 8999 or 0800 800 169 for Banks Peninsula residents

By registering, you can:

- get more information
- tell us how you want to give us your feedback
- participate in surveys and quick polls
- find out about public forums
- book a Council speaker to attend a residents' meeting



Register online at
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