

How We Pay for Services

Christchurch City Three Year Plan
Christchurch Ōtautahi

Christchurch City Council

Where Our Funding Will Come From

Before the earthquakes, rates were the main source of funding for the Council's activities. As the earthquake recovery gains momentum, insurance and central Government reimbursements, and NZ Transport Agency subsidies are becoming more significant. In the 2013/14 year, the Council expects to receive \$416 million or 29 per cent of funding from these proceeds. This compares with 28 per cent last year and around 2 per cent in a normal year.

In the 2013/14 financial year, the Council will collect \$333 million in rates to help pay for essential services such as water supply, roading and wastewater treatment, as well as capital renewal and replacement projects and events and festivals. Included within the general rate is a 1.93 per cent surcharge that is used to fund the operating deficit.

The Council has tried to keep rates as low as possible by holding many costs to the 2012/13 level and driving through savings in maintenance costs and operating costs. This income is supplemented with funding from fees and charges, Government subsidies, development contributions, interest and dividends from subsidiaries.

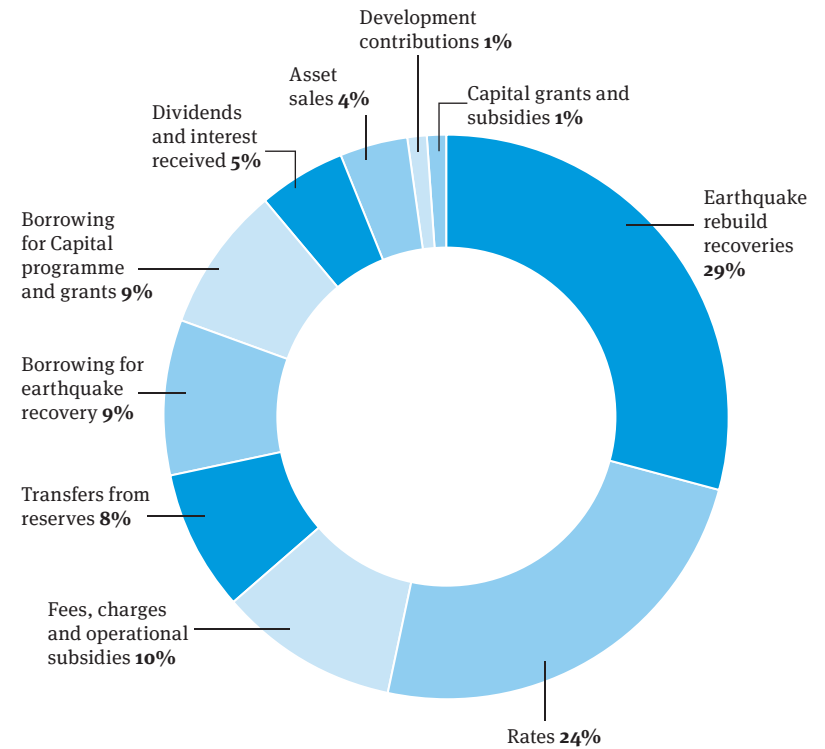
The Council owns shares in major local companies through its wholly-owned subsidiary Christchurch City Holdings Limited. These companies include Christchurch International Airport, City Care, Lyttelton Port Company, Orion, Eco Central, Enable Services and Red Bus, which together are forecast to pay dividends of \$49 million, a \$7 million increase over last year.

Borrowing is the other key source of funding. In 2013/14, the Council anticipates borrowing \$212 million, increasing to \$476 million in year three as the rebuild gains momentum.

Funding sources 2013/14

	%	\$000
Earthquake rebuild recoveries	29%	416,194
Rates	24%	332,994
Fees, charges and operational subsidies	10%	143,479
Transfers from reserves	8%	105,100
Borrowing for Earthquake recovery	9%	121,574
Borrowing for Capital programme and grants	9%	89,941
Dividends and interest received	5%	65,029
Asset sales	4%	58,292
Development contributions	1%	18,000
Capital grants and subsidies	1%	17,649
	100%	1,368,252

Where our funding will come from 2013/14



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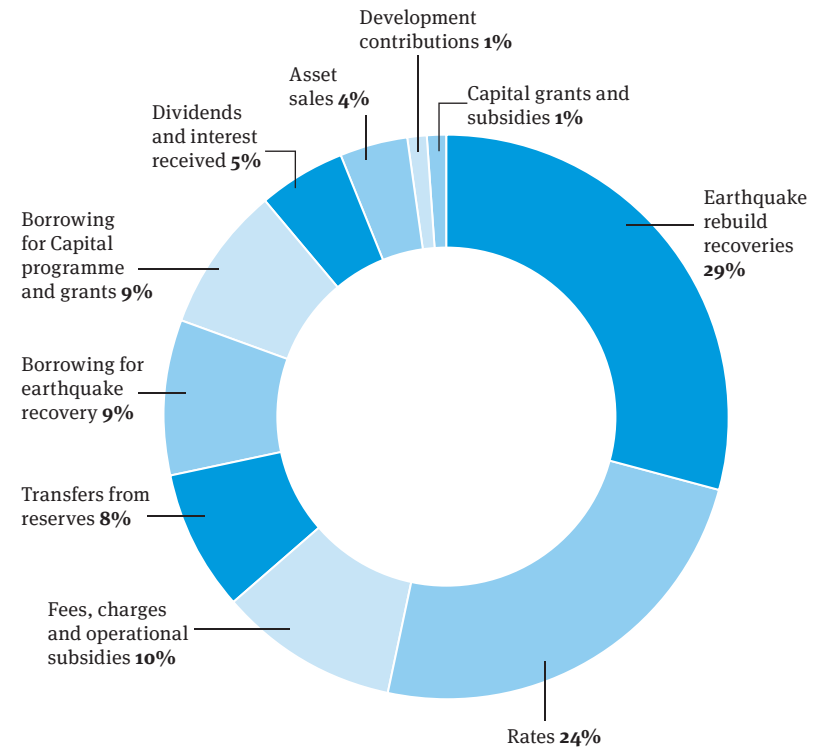
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Where Your Rates Go

The Council relies on rates for about 33 per cent of its income and will collect \$333 million (GST exclusive) in rates during 2013/14. This is \$23.8 million more than in 2012/13 and represents an average increase in rates of 6.67 per cent to existing ratepayers.

Much of the Council's spending goes toward providing essential services to keep the city running smoothly. This includes maintaining our roads, parks, sewerage systems and water supply. The Council must also allow for increased demand for new infrastructure such as new roads, subdivisions, parks and open spaces. There is \$50 million in rates that would normally be spent on infrastructure renewals that has been transferred across to the rebuild programme.

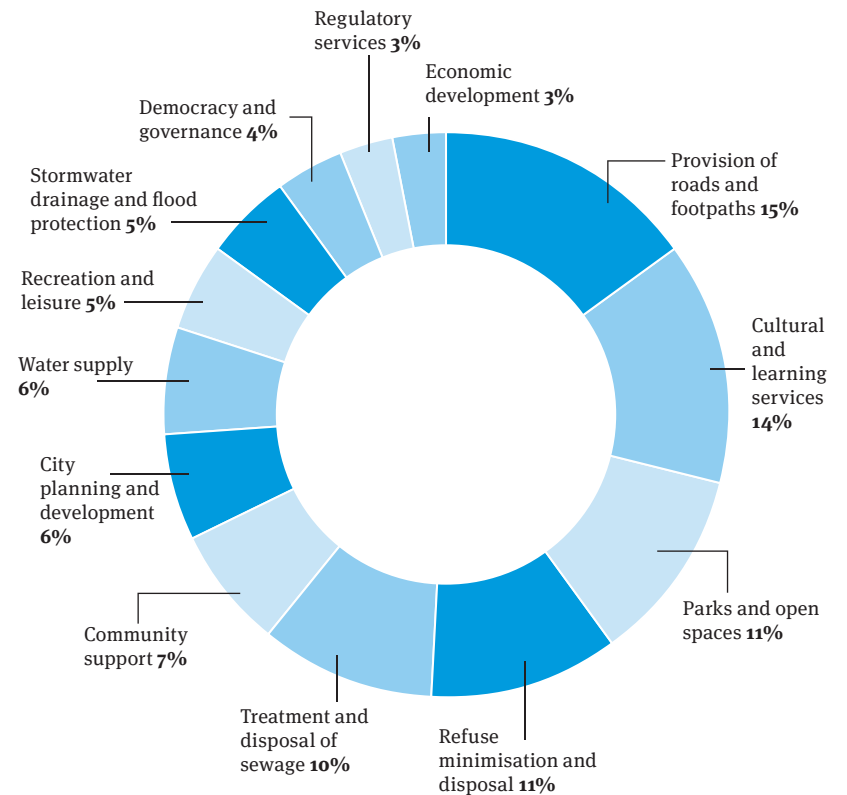
A 1.93 per cent increase in rates will fund borrowing to meet an operating deficit from additional earthquake recovery costs and the loss of several revenue sources, particularly parking. This surcharge will be recovered annually through to 2015/16.

The table and graph below show the activities the Council will provide during 2013/14 and how rates contribute to these activities:

How your rates will be spent 2013/14

GROUP OF ACTIVITIES	Cents per dollar of Rates	Average Residential Rates / week
Roads & footpaths	15.0c	\$5.45
Cultural and learning services	14.2c	\$5.17
Parks and open spaces	11.4c	\$4.15
Refuse minimisation and disposal	11.1c	\$4.04
Treatment and disposal of sewage	9.9c	\$3.60
Community support	6.6c	\$2.40
City planning and development	5.9c	\$2.15
Water supply	5.5c	\$2.00
Recreation and leisure	5.3c	\$1.93
Stormwater drainage and flood protection	5.0c	\$1.82
Democracy and governance	4.3c	\$1.56
Regulatory services	3.1c	\$1.13
Economic development	2.7c	\$0.98
TOTAL	100.0c	\$36.38

Proposed Rates Contribution for each Group of Activities 2013/14



Christchurch City Council

How Capital Expenditure is Funded

The Council will invest around \$2.9 billion in the city's infrastructure between 2013 and 2016.

Capital expenditure funding is a subset of the Council's total funding. Earthquake rebuild recoveries, such as insurance, central Government reimbursements and NZ Transport Agency subsidies, are a significant source of funding until 2018/2019.

Borrowing is the second largest source of funding in 2013/2014. Rates are another key source, with \$104 million in total allocated to the programme.

Capital grants, subsidies and development contributions make up around 4 per cent.

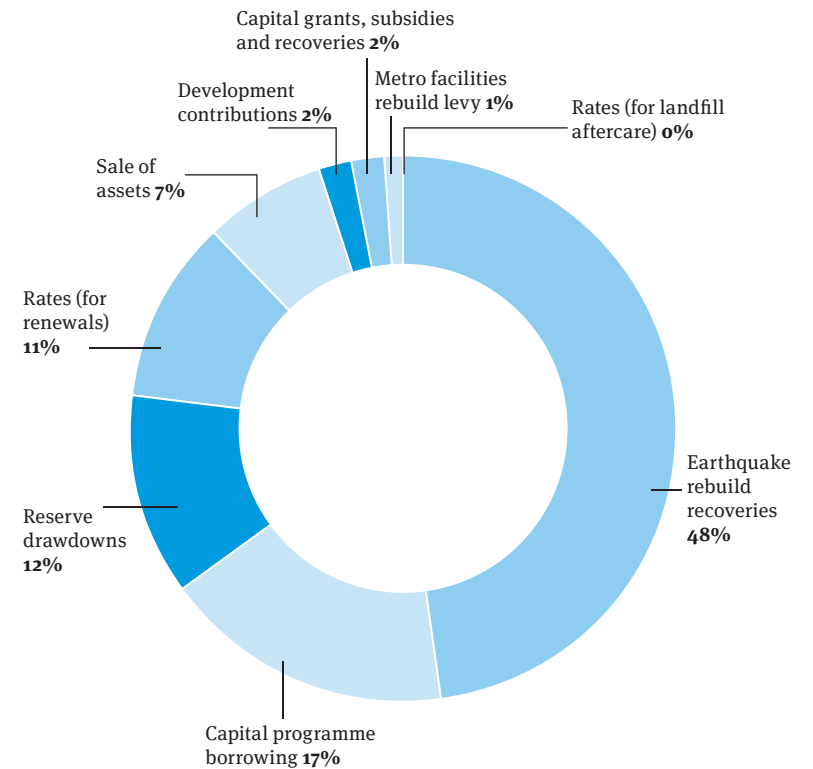
A detailed analysis of the Council's policy for funding its capital programme is available in the Revenue and Financing Policy, and the funding of the rebuild is explained in the Financial Strategy. The table and graph below details funding for the Council's capital programme for 2013/14. The figures for the full three year period can be found in note 5 of the Financial Overview.

Asset sales have increased to \$58 million for the year, due to the sale of land to the Christchurch Central Recovery Plan for the Frame and Anchor projects.

How we fund our capital programme:

Funding Sources 2013/14	%	\$000
Earthquake rebuild recoveries	48%	416,194
Capital programme borrowing	17%	148,596
Reserve drawdowns	12%	99,572
Rates (for renewals)	11%	98,002
Sale of assets	7%	58,292
Development contributions	2%	18,000
Capital grants, subsidies and recoveries	2%	17,649
Metro facilities rebuild levy	1%	5,630
Rates (for landfill aftercare)	0%	330
	100%	862,265

Funding sources for the 2013/14 capital programme





CHRISTCHURCH CITY COUNCIL

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