

Financial Overview

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The sections below outline an overview of the financial information included in the Long-Term Plan (LTP). Like all other local authorities in New Zealand, the Christchurch City Council faces multiple financial challenges including significantly increased debt servicing costs, significantly increased insurance costs, challenging asset renewal requirements, and the general increase in costs that a high rate of inflation brings. Significant reviews of both capital and operating expenditure have been undertaken to minimise rates increases while maintaining a balanced budget in the medium term and ensuring financial resilience.

For further high-level funding information please read the Financial Strategy. The table below shows the total funding requirements for the Council for the ten years of the LTP. Key items or changes in the financial statements are mentioned below.

Operating expenditure

Significant items:

- A series of Councillor workshops held during 2023 considered cost savings & additional sources of revenue totalling \$182 million over the Long-Term Plan. Of the considered cost savings \$41 million were accepted, as the maximum savings that could be made without impacting levels of service.
- Inflation has added an additional \$23.8 million of operational costs to the 24/25 financial year.
- Higher interest costs (\$14.8 million), due to increased interest rates on new borrowing.
- Increased insurance premiums, due to rising costs of construction and increased levels of risk in the New Zealand insurance market, \$6.4m (20%) increase in the 2024/25 financial year, compared to 2023/24 financial year.
- Salaries & Wages have increased (\$24.9 million, 10.8%) due to pressure from inflation, commitments to providing a living wage and changes to pay structures following a remuneration review carried out in conjunction with staff unions.
- Electricity prices increasing (\$4.2 million, 22.9%)
- Software & licence fees have increased in cost at a greater rate than CPI inflation and the Council is updating several legacy systems, contributing an additional \$2.3 million of cost (16.9%) in the 2024/25 financial year.
- Additional funding provided (\$1.8 million) to Venues Ōtautahi to support the delivery of the Venues Ōtautahi asset management plan to ensure public facilities they administer are maintained to their existing levels.

Depreciation

Depreciation expense is charged on a straight line basis on both operational and infrastructure assets. However, we do not rate for depreciation, we rate for the renewal and replacement of existing assets. The target figure is based on the long run average from the 30 year renewal programme in the Infrastructure Strategy and while we are rating below that currently, the position progressively improves through the LTP period.

Revenue

Property based rates are the primary source of Council's revenue. A brief explanation of each source of revenue is included in the Funding Impact Statement.

Significant items:

- CCHL dividends are \$12.7 million lower 2024/25 than 2023/24, due to CCHL increasing investment into its assets to meet future growth and reducing existing debt to ensure market flexibility.
- Charging for carparking at the Botanic Gardens and Hagley Park carparks is to commence in the 2024/25 financial year. It

is expected to generate an additional \$2.1 million in revenue per year, which will support the development and maintenance of Hagley Park and the Botanic Gardens.

- Increase in admittances revenue (\$2.0 million) for pool and fitness operations, due to higher participation and usage by the community.
- Decrease in planned subvention receipts (\$13.2m, 53.9%)

Rates

The average rates increase to existing ratepayers for 2024/25 is 13.24%. Full details of rates, including the total rating requirement for general and targeted rates, and indicative rates for individual properties, are provided in the Funding Impact Statement.

Surplus, operating deficits, and sustainability

This LTP shows accounting surpluses before revaluations in all years. Under accounting standards Council is required to show all revenue, including those that are capital related such as development contributions, NZ

Transport Agency capital subsidies and some earthquake-related recoveries from central Government, as income for the year. After adjusting for these capital revenues and taking into account rating for renewals rather than depreciation, the Plan is based on a balanced funding budget, effectively ensuring operating costs are met from operating revenue across all years of the LTP.

Capital programme expenditure

The capital programme has been reviewed with heavy focus on deliverability, to ensure ratepayers are not levied in advance of funds being required. Key factors taken into account when considering deliverability were:

- Supply chain issues
- Cost escalation
- Human resource availability (internal and external).

We plan to invest \$738.9 million in the capital programme in 2024/25, a decrease of \$7.5 million from the financial year 2023/24. We plan to invest \$6.5 billion over the 10-year LTP period, which is \$0.7 billion higher than the previous LTP. A greater emphasis on asset renewals and replacements projects has been

captured in the LTP, than in previous LTP's or Annual Plans.

Capital spend is higher in the first year of the LTP due to the timing of expenditure for the Te Kaha Stadium.

Capital programme funding

The capital programme is funded by Crown recoveries, subsidies and grants for capital expenditure, development contributions, the proceeds of asset sales and debt. Included in the Long-Term Plan are Crown revenues of \$186.2 million, comprised of Major Cycleway Routes funding of \$177.3 million, and Better Off funding of \$8.9 million. All the Crown revenues associated with Te Kaha have been received.

The Christchurch City Council receives capital subsidies from NZTA for works undertaken on the road network in Christchurch, planned to be \$345.1 million over the Long Term Plan.

Borrowing

The Long Term Plan includes net new borrowing of \$2.6 billion over the ten year period. This is \$66.8 million higher than planned in the previous LTP. The servicing cost of the new borrowing is \$9.7 million in 2024/25, increasing to an annualised amount of \$24.2 million from 2025/26. Total net cost of debt

servicing including repayments rated for is planned to be \$216.1 million in 2024/25 and \$2.9 billion over the 10 years of the LTP, totalling 27.8% of the total planned rates to be levied in 2024/25 and 28.3% over the full LTP.

Gross debt increases from \$3.00 billion in 2024/25 to \$3.97 billion in 2033/34.

Financial risk management strategy

The Council has five financial ratios which form a key part of its financial risk management strategy, four of which are also limits for Council's borrowing from the Local Government Funding Agency. These define the limits within which the Council must maintain its balance sheet and borrowing ratios. The Council anticipates staying well within four of the five financial ratio limits in throughout the entire Long-Term Plan period. The Balanced Budget ratio will be breached for the first three years of the LTP, however will meet the ratio for the final seven years of the LTP. The breach of the balanced budget is due to delaying the increase in rating for renewals, more information on which can be found in the Financial Strategy.

In addition there are a further seven ratios required under the Local Government (Financial

Reporting and Prudence) Regulations 2014 which determine the financial prudence of Council's budgets. All of these, except the Debt Servicing Benchmark are planned to be achieved throughout the Long-Term Plan.

The Debt Servicing benchmark is forecast to be between 12.8% and 11.0% (limit 10%). There is no concern around the Council's ability to service the debt.

See further commentary on these benchmarks in the Financial Prudence Benchmarks section.

Plan 2023/24 Financial Overview			Plan 2024/25 to 2033/34									
		\$000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Funding Summary												
606,614	Operating expenditure	1	659,900	685,610	701,234	707,611	732,266	750,216	767,197	786,024	804,221	814,599
746,407	Capital programme	2	738,909	703,115	681,887	658,201	609,088	598,833	618,521	615,259	619,088	654,418
131,147	Interest expense	3	146,289	149,756	154,482	164,637	168,402	170,446	172,040	174,208	174,207	174,293
59,568	Debt repayment	3	69,784	85,499	98,890	111,228	122,428	131,047	138,226	145,498	151,803	157,779
-	Movements in reserves	6	-	210	12,987	-	4,636	-	8,649	-	-	-
1,543,736	Total expenditure		1,614,882	1,624,190	1,649,480	1,641,677	1,636,820	1,650,542	1,704,633	1,720,989	1,749,319	1,801,089
funded by :												
191,303	Fees, charges and operational subsidies	4	180,415	179,669	182,273	183,624	187,871	190,881	194,614	198,819	201,917	205,246
56,823	Dividends received		45,403	51,458	59,458	74,458	85,458	87,458	91,458	97,458	99,458	101,458
53,063	Interest received	3	51,882	42,229	35,918	35,150	34,935	35,486	35,017	35,125	34,674	34,376
1,544	Asset sales	5	9,200	3,825	18,193	2,924	9,095	3,060	14,423	3,193	3,257	3,322
23,112	Development contributions		23,440	24,120	24,651	25,218	25,798	26,365	26,919	27,457	28,007	28,539
154,046	Capital contributions, grants and subsidies		75,441	78,530	66,365	54,748	42,974	44,595	43,226	42,786	49,109	45,186
1,993	Movements in reserves	6	1,316	-	-	1,103	-	2,367	-	2,661	2,895	3,175
347	Working Capital reduction		-	-	-	-	-	-	-	-	-	-
482,231	Total funding available		387,097	379,831	386,858	377,225	386,131	390,212	405,657	407,499	419,317	421,302
1,061,505	Balance required		1,227,785	1,244,359	1,262,622	1,264,452	1,250,689	1,260,330	1,298,976	1,313,490	1,330,002	1,379,787
372,728	Borrowing	7	439,802	387,534	357,275	306,748	241,000	197,876	187,164	163,885	154,958	183,536
688,777	Rates	8	787,983	856,825	905,347	957,704	1,009,689	1,062,454	1,111,812	1,149,605	1,175,044	1,196,251
679,750	Rates to be levied on 1 July		777,449	846,138	894,543	946,774	998,628	1,051,269	1,100,502	1,138,173	1,163,490	1,184,579
8.61%	Nominal rates increase on 1 July		14.37%	8.84%	5.72%	5.84%	5.48%	5.27%	4.68%	3.42%	2.22%	1.81%
6.41%	Percentage rate increase to existing ratepayers		13.24%	7.76%	4.67%	4.79%	4.43%	4.23%	3.65%	2.40%	1.21%	0.80%

Notes to Financial Overview

Plan 2023/24	Note 1 Operating Expenditure	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$000									
165,450	Communities & Citizens	191,163	213,867	218,128	217,066	226,445	233,343	237,541	243,543	247,687	251,947
19,280	Economic Development	17,751	18,305	18,649	21,041	21,492	22,717	22,748	22,829	22,831	22,862
3,989	Flood Protection & Control Works	6,614	7,353	7,784	8,522	9,077	9,796	10,298	10,757	11,175	11,643
19,369	Governance	20,361	22,323	21,665	22,407	24,230	23,661	24,316	26,211	25,093	25,910
17,392	Housing	18,378	19,363	20,066	20,683	21,297	21,833	22,049	22,670	23,224	23,171
91,922	Parks, Heritage and Coastal Environment	97,223	101,250	106,337	108,080	111,732	114,115	117,161	120,995	124,178	127,725
50,963	Regulatory & Compliance	55,282	57,303	58,715	60,177	62,203	63,836	65,495	67,529	68,971	69,975
67,521	Solid Waste & Resource Recovery	69,820	72,469	74,031	76,117	79,911	82,053	84,903	87,978	90,666	93,654
56,294	Stormwater Drainage	65,795	69,854	73,228	76,545	79,751	82,421	85,330	88,176	90,595	93,277
33,112	Strategic Planning & Policy	36,674	29,088	30,103	32,432	33,423	34,276	35,059	36,237	36,927	37,457
180,270	Transport	189,374	202,032	212,308	223,760	235,254	245,589	256,638	268,226	278,113	288,465
155,667	Wastewater	171,087	181,390	189,577	199,315	207,112	213,112	219,037	224,863	229,607	234,523
108,435	Water Supply	102,796	109,042	113,984	119,547	123,513	127,760	132,127	136,444	140,019	143,162
100,888	Corporate	114,536	111,156	123,817	122,167	121,746	122,489	121,096	119,157	124,216	116,594
1,070,552	Total group of activity expenditure	1,156,854	1,214,795	1,268,392	1,307,859	1,357,186	1,397,001	1,433,798	1,475,615	1,513,302	1,540,365
332,791	Less depreciation (non cash)	350,664	379,433	412,677	435,611	456,516	476,338	494,562	515,382	534,878	551,474
131,147	Less interest expense shown separately	146,289	149,756	154,482	164,637	168,402	170,446	172,040	174,208	174,207	174,293
606,614	Operating expenditure	659,901	685,606	701,233	707,611	732,268	750,217	767,196	786,025	804,217	814,598
		\$000									
Plan 2023/24	Note 2 Capital Programme	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
48,138	Communities & Citizens	30,074	53,463	36,318	31,267	32,143	30,812	39,195	28,700	41,856	34,062
-	Economic Development	-	-	-	-	-	-	-	-	-	-
29,546	Flood Protection & Control Works	32,742	38,328	63,488	74,513	69,763	80,989	79,291	74,788	78,595	106,896
-	Governance	-	-	-	-	-	-	-	-	-	-
4,995	Housing	5,182	5,238	6,585	6,871	6,101	7,240	7,526	7,790	8,056	8,330
62,077	Parks, Heritage and Coastal Environment	76,836	78,491	74,798	84,164	93,547	93,025	92,776	91,592	92,890	92,379
82	Regulatory & Compliance	107	91	11	50	-	65	-	41	-	62
6,164	Solid Waste & Resource Recovery	10,061	10,072	29,951	15,395	12,839	11,648	11,776	15,703	6,654	13,043
32,996	Stormwater Drainage	33,962	30,924	20,155	18,638	12,708	12,973	23,509	23,840	21,935	14,404
943	Strategic Planning & Policy	1,500	1,551	1,587	1,625	1,664	1,700	1,738	1,774	1,810	1,846
141,073	Transport	150,503	156,624	153,254	153,501	167,813	162,403	168,058	164,950	159,799	181,777
42,262	Wastewater	74,486	127,170	164,778	130,262	89,833	78,357	64,560	76,611	78,824	79,619
56,134	Water Supply	74,521	70,329	77,080	96,910	89,328	87,306	96,556	97,058	95,222	88,601
321,997	Corporate	248,935	130,834	53,884	45,005	33,350	32,317	33,538	32,411	33,447	33,399
746,407	Total capital programme	738,909	703,115	681,889	658,201	609,089	598,835	618,523	615,258	619,088	654,418

Plan 2023/24	Note 3 Interest Expense	\$000	Plan									
			2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
69,105	General Borrowing		85,981	98,398	109,214	120,730	125,261	127,577	130,104	133,041	134,087	135,265
17,310	Equity investments		16,718	15,694	14,835	14,447	13,724	13,033	12,487	11,868	11,184	10,298
42,832	Advances to Council organisations		41,771	33,900	28,584	27,682	27,677	28,185	27,789	27,624	27,159	26,953
1,900	Advances to housing trust		1,819	1,764	1,849	1,779	1,741	1,651	1,659	1,673	1,777	1,777
131,147			146,289	149,756	154,482	164,638	168,403	170,446	172,039	174,206	174,207	174,293
59,568	Debt Repayment		69,784	85,499	98,890	111,228	122,428	131,047	138,226	145,498	151,803	157,779
	Interest Received											
43,659	Subsidiaries		42,578	34,693	29,365	28,451	28,442	28,947	28,547	28,379	27,907	27,696
-	Loan repayment investments		-	-	-	-	-	-	-	-	-	-
3,357	Special and other fund investments		2,502	1,973	1,667	1,984	1,825	1,964	1,893	2,154	2,072	1,985
4,037	Short term investments		4,872	3,690	2,933	2,838	2,838	2,838	2,838	2,838	2,838	2,838
2,010	Housing trust		1,930	1,873	1,955	1,877	1,830	1,736	1,739	1,753	1,856	1,856
53,063			51,882	42,229	35,920	35,150	34,935	35,485	35,017	35,124	34,673	34,375
137,652	Net Cost of Debt Servicing + Debt Repayment		164,191	193,026	217,452	240,716	255,896	266,008	275,248	284,580	291,337	297,697
20.3%	Percentage of rates levied		21.1%	22.8%	24.3%	25.4%	25.6%	25.3%	25.0%	25.0%	25.0%	25.1%
Plan 2023/24	Note 4 Fees, Charges and Operational Subsidies	\$000	Plan									
			2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
27,220	Communities & Citizens		26,474	32,133	33,014	33,895	34,514	35,262	35,997	36,714	37,444	38,152
249	Economic Development		260	267	273	279	286	292	298	304	311	316
36	Flood Protection & Control Works		37	39	39	40	41	42	43	44	45	46
47	Governance		49	410	51	52	439	55	56	467	58	59
15,671	Housing		16,319	16,792	17,162	17,556	17,960	18,355	18,741	19,116	19,498	19,868
5,469	Parks, Heritage and Coastal Environment		7,610	7,780	7,828	6,770	6,911	7,048	7,183	7,326	7,473	7,615
42,367	Regulatory & Compliance		43,640	44,567	45,464	46,361	47,278	48,174	49,049	49,904	50,777	51,622
16,646	Solid Waste & Resource Recovery		14,679	12,890	13,056	13,231	13,409	13,584	13,754	13,920	14,089	14,253
224	Stormwater Drainage		78	81	82	84	86	88	90	92	94	95
1,353	Strategic Planning & Policy		1,365	1,400	1,429	1,068	1,092	1,116	1,140	1,163	1,186	1,208
44,499	Transport		45,264	47,968	48,483	49,167	50,117	51,137	52,261	53,169	54,389	55,187
7,159	Wastewater		6,953	7,155	7,312	7,480	7,652	7,820	7,985	8,144	8,307	8,465
348	Water Supply		319	329	336	344	352	359	367	374	381	389
30,443	Corporate		17,370	7,856	7,743	7,298	7,735	7,546	7,649	8,084	7,867	7,972
191,731	Total group of activity operating revenue		180,417	179,667	182,272	183,625	187,872	190,878	194,613	198,821	201,919	205,247
428	Less non cash revenue		-	-	-	-	-	-	-	-	-	-
191,303	Fees, charges and operational subsidies		180,417	179,667	182,272	183,625	187,872	190,878	194,613	198,821	201,919	205,247

Plan 2023/24	Note 5 Asset Sales	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$000									
1,024	Surplus property sales	8,650	3,257	17,612	2,329	8,485	2,437	13,786	2,543	2,594	2,646
520	Surplus roading land sales	550	568	581	595	610	623	637	650	663	676
1,544		9,200	3,825	18,193	2,924	9,095	3,060	14,423	3,193	3,257	3,322
		\$000									
		\$000									
		\$000									
(5,535)	Interest credited to special funds and reserves	(5,278)	(4,930)	(4,665)	(5,019)	(4,892)	(5,031)	(4,960)	(5,230)	(5,140)	(5,053)
(99,159)	Deposits	(115,760)	(125,982)	(154,248)	(152,931)	(169,212)	(172,195)	(191,112)	(186,463)	(192,944)	(199,096)
106,687	Withdrawals	122,354	130,702	145,926	159,052	169,468	179,594	187,423	194,354	200,980	207,324
1,993		1,316	(210)	(12,987)	1,102	(4,636)	2,368	(8,649)	2,661	2,896	3,175
		\$000									
		\$000									
		\$000									
		\$000									
746,407	Capital Programme	738,909	703,115	681,889	658,201	609,089	598,835	618,523	615,258	619,088	654,418
4,768	Capital grants	19,680	13,038	29,183	3,755	9,783	4,305	14,433	2,276	2,617	947
330	Operational costs	330	321	232	-	-	-	-	-	-	-
751,505	Total funding requirement	758,919	716,474	711,304	661,956	618,872	603,140	632,956	617,534	621,705	655,365
	Funding sources										
1,544	Sale of assets	9,200	3,825	18,193	2,924	9,095	3,060	14,423	3,193	3,257	3,322
192,673	Rates (for renewals)	204,722	215,404	236,215	264,412	293,286	322,223	351,796	369,393	376,781	384,317
2,207	Rates (for landfill aftercare)	1,133	1,823	2,018	1,035	617	1,781	1,902	3,031	1,537	2,136
5,195	Reserve drawdowns	5,182	5,238	6,585	6,871	6,101	7,240	7,526	7,790	8,056	8,330
23,112	Development contributions	23,440	24,120	24,651	25,218	25,798	26,365	26,919	27,457	28,007	28,539
154,046	Capital contributions, grants and subsidies	75,441	78,530	66,365	54,748	42,974	44,595	43,226	42,786	49,109	45,186
378,777	Total funding available	319,118	328,940	354,027	355,208	377,871	405,264	445,792	453,650	466,747	471,830
372,728	Borrowing requirement	439,801	387,534	357,277	306,748	241,001	197,876	187,164	163,884	154,958	183,535
-	Borrowing for onlending	-	-	-	-	-	-	-	-	-	-
59,568	Less debt repayment	69,784	85,499	98,890	111,228	122,428	131,047	138,226	145,498	151,803	157,779
19,185	Less borrowing on behalf of subsidiaries repaid	13,700	10,000	13,000	10,000	3,000	-	10,000	-	10,000	-
-	Less borrowing on behalf of other organisations repaid	-	3,000	-	8,001	-	5,000	-	-	-	-
293,975	Net change in borrowing	356,317	289,035	245,387	177,519	115,573	61,829	38,938	18,386	(6,845)	25,756
2,365,607	Opening debt	2,645,152	3,001,469	3,290,504	3,535,891	3,713,410	3,828,983	3,890,812	3,929,750	3,948,136	3,941,291
2,659,582	Closing debt	3,001,469	3,290,504	3,535,891	3,713,410	3,828,983	3,890,812	3,929,750	3,948,136	3,941,291	3,967,047

Plan 2023/24	Note 8 Rates	Plan 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
679,750	Rates levied 1 July	777,449	846,138	894,543	946,774	998,628	1,051,269	1,100,502	1,138,173	1,163,490	1,184,579
4,959	Excess water charges	5,234	5,386	5,504	5,631	5,760	5,887	6,011	6,131	6,254	6,372
4,068	Penalties	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300
688,777		787,983	856,824	905,347	957,705	1,009,688	1,062,456	1,111,813	1,149,604	1,175,044	1,196,251