

Funding Impact Statement

This Funding Impact Statement sets out the sources of operating and capital funding that Council will use to fund its activities over the period of the Draft Long Term Plan (LTP). The rationale for this funding mix is set out in the Revenue and Financing Policy.

Christchurch City Council Funding impact statement

Plan 2017/18		Plan 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000									
	Sources of operating funding										
307,719	General rates, uniform annual general charges, rates penalties	313,363	335,110	355,223	372,100	389,897	409,715	428,786	443,956	456,585	463,197
147,893	Targeted rates	173,511	182,980	193,274	205,449	218,355	230,758	244,979	260,395	273,916	292,053
21,538	Subsidies and grants for operating purposes	23,681	24,591	24,893	25,284	25,638	26,021	27,130	27,438	28,473	28,824
107,400	Fees, charges	113,738	116,348	122,133	130,163	134,532	137,396	140,914	147,261	150,540	154,896
237,936	Interest and dividends from investments	226,999	79,308	85,869	86,809	85,150	94,090	97,942	101,610	103,816	106,589
13,361	Local authorities fuel tax, fines, infringement fees, and other receipts	16,348	16,291	15,991	15,212	14,455	14,551	14,658	14,893	15,261	15,521
835,847	Total operating funding	867,640	754,628	797,383	835,017	868,027	912,531	954,409	995,553	1,028,591	1,061,080
	Applications of operating funding										
408,657	Payments to staff and suppliers	428,641	437,831	451,729	459,226	471,025	479,105	493,216	510,651	519,701	533,297
89,978	Finance costs	95,459	100,653	109,868	116,238	122,575	129,374	137,011	141,263	141,199	140,228
40,633	Other operating funding applications	36,482	44,448	45,055	45,759	38,594	38,302	48,596	38,575	38,825	39,199
539,268	Total applications of operating funding	560,582	582,932	606,652	621,223	632,194	646,781	678,823	690,489	699,725	712,724
296,579	Surplus (deficit) of operating funding	307,058	171,696	190,731	213,794	235,833	265,750	275,586	305,064	328,866	348,356
	Sources of capital funding										
44,709	Subsidies and grants for capital expenditure	58,100	41,418	32,306	37,208	28,794	31,463	44,516	36,434	46,769	41,124
18,113	Development and financial contributions	21,215	20,952	21,873	24,276	24,115	23,112	23,012	23,564	24,130	24,734
40,751	Net increase (decrease) in debt	5,785	218,150	144,483	123,915	137,933	143,923	102,292	13,003	(26,598)	(16,420)
2,523	Gross proceeds from sale of assets	465	4,986	485	496	508	520	533	546	561	576
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
22,715	Other dedicated capital funding	1,265	5,820	1,173	1,126	1,150	1,176	1,202	1,231	1,260	1,292
128,811	Total sources of capital funding	86,830	291,326	200,320	187,021	192,500	200,194	171,555	74,778	46,122	51,306
	Applications of capital funding										
313,067	Capital expenditure										
	- to replace existing assets (a)	317,630	251,737	233,217	272,264	340,366	392,927	336,142	266,745	292,203	323,858
98,343	- to improve the level of service	142,610	110,005	99,873	64,985	38,985	42,822	67,316	59,277	67,925	52,390
82,231	- to meet additional demand	69,991	102,973	57,440	63,455	48,299	29,757	52,791	51,913	12,363	20,514
(68,251)	Net increase (decrease) in reserves	(129,343)	(193)	1,521	1,111	1,683	2,038	(7,408)	4,207	4,797	5,200
-	Net increase (decrease) of investments	(7,000)	(1,500)	(1,000)	(1,000)	(1,000)	(1,600)	(1,700)	(2,300)	(2,300)	(2,300)
425,390	Total applications of capital funding	393,888	463,022	391,051	400,815	428,333	465,944	447,141	379,842	374,988	399,662
(296,579)	Surplus (deficit) of capital funding	(307,058)	(171,696)	(190,731)	(213,794)	(235,833)	(265,750)	(275,586)	(305,064)	(328,866)	(348,356)
-	Funding balance	-	-	-	-	-	-	-	-	-	-
	Footnotes										
247,322	(a) Earthquake rebuild application of capital funding	48,759	17,081	28,620	31,405	44,599	37,474	29,987	37,608	39,443	46,580

Where our funding will come from

Rates are the main source of funding for the Council's activities. In the 2018/19 financial year, the Council is proposing to collect \$486.9 million in rates (including estimated excess water charges and penalties) 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. This income is supplemented with funding from fees and charges, Government subsidies, development

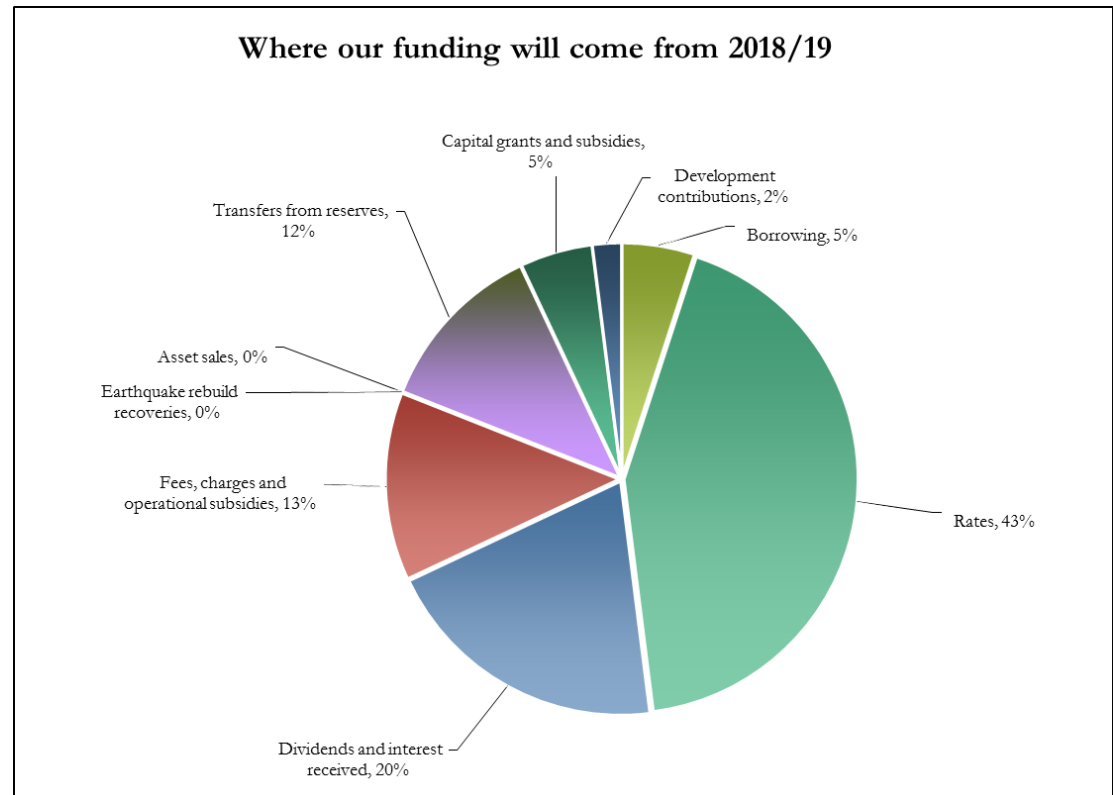
contributions, interest and dividends from subsidiaries.

Earthquake rebuild recoveries (NZ Government reimbursements, and NZ Transport Agency subsidies) have reduced now that the SCIRT work is complete.

The Council owns shares in major local companies through its wholly-owned subsidiary Christchurch City Holdings Limited (CCHL). These companies include Christchurch International Airport, City Care, Lyttelton Port Company, Orion, Eco Central, Enable Services and Red Bus. CCHL is forecasting to pay a normal dividend of \$48.3 million in 2018/19.

Where our funding will come from:

<u>Funding Sources 2018/19</u>	<u>%</u>	<u>\$000</u>
Borrowing	5%	58,957
Rates	43%	486,874
Dividends and interest received	20%	226,999
Fees, charges and operational subsidies	13%	153,768
Earthquake rebuild recoveries	0%	-
Asset sales	0%	465
Transfers from reserves	12%	135,169
Capital grants and subsidies	5%	59,365
Development contributions	2%	21,215
100%		1,142,812



How capital expenditure is funded

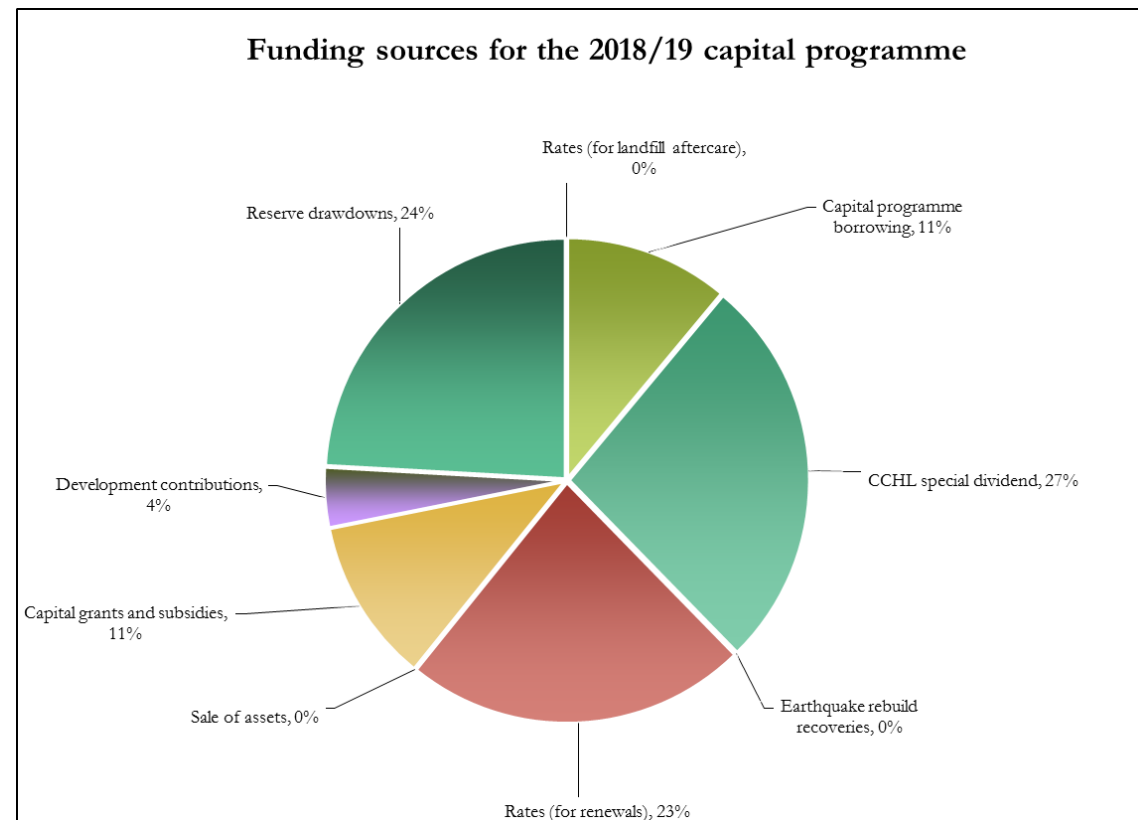
The Council will invest \$530.2 million in the city's infrastructure during 2018/19.

Capital expenditure funding is a subset of the Council's total funding. A special dividend of \$140 million will be paid by CCHL under the final year of their capital release programme.

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 2018/19.

How we fund our capital programme:

<u>Funding Sources 2018/19</u>	<u>%</u>	<u>\$000</u>
Capital programme borrowing	11%	56,727
CCHL special dividend	27%	140,000
Earthquake rebuild recoveries	0%	-
Rates (for renewals)	23%	123,990
Sale of assets	0%	465
Capital grants and subsidies	11%	59,365
Development contributions	4%	21,215
Reserve drawdowns	24%	128,117
Rates (for landfill aftercare)	0%	352
	100%	530,231



Where your rates go

In 2018/19 the Council relies on rates for about 51 per cent of its income and is proposing to collect \$486.9 million (GST exclusive) in rates (including estimated excess water charges and penalties). This represents an average increase

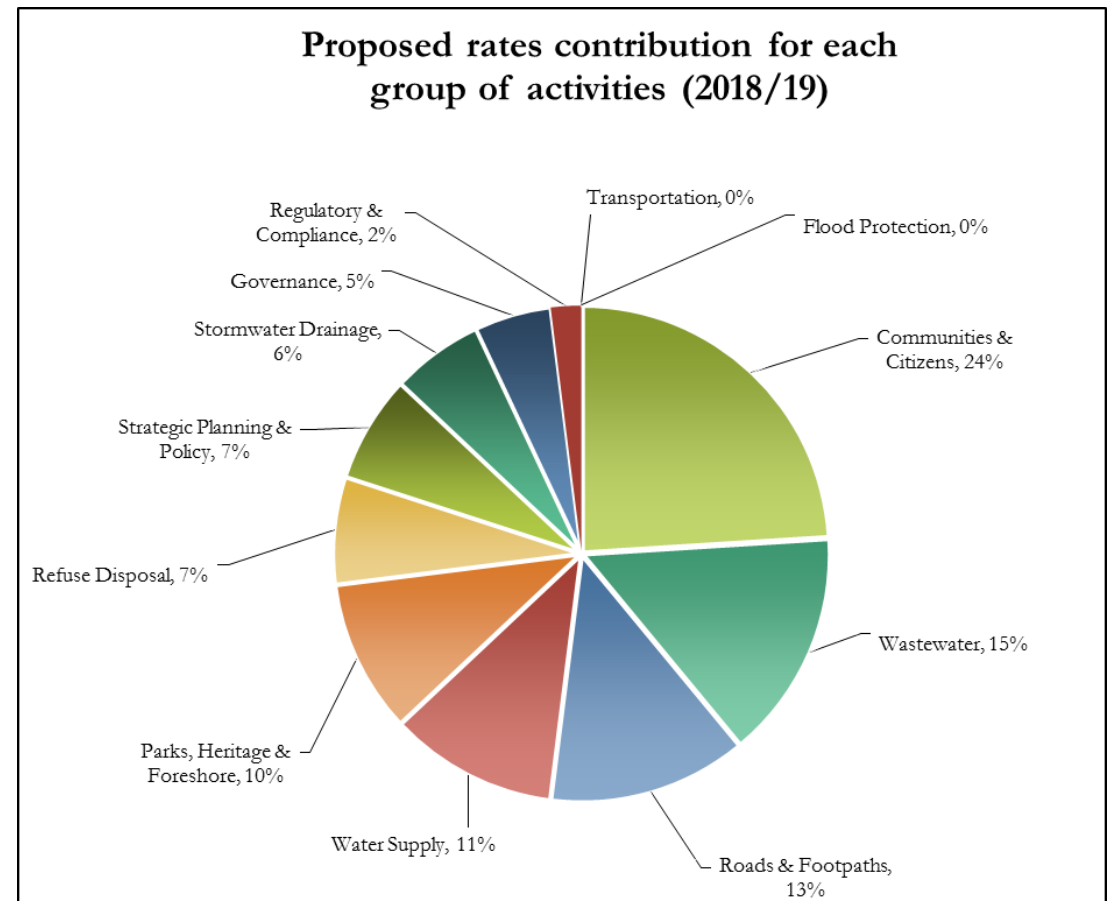
in rates of 5.50 per cent to existing ratepayers (plus the 10 year Cathedral rate). Much of the Council's spending goes toward providing essential services to keep the city running smoothly. This includes maintaining our

roads, parks, sewerage systems and water supply.

The table and graph below show the activities the Council will provide during 2018/19 and how rates contribute to these activities:

How your rates will be spent 2018/19:

Group of Activities	Cents per dollar of Rates	Average Residential Rates / week
Communities & Citizens	23.8c	\$12.13
Wastewater	14.9c	\$7.59
Roads & Footpaths	12.7c	\$6.47
Water Supply	11.0c	\$5.61
Parks, Heritage & Foreshore	10.1c	\$5.15
Refuse Disposal	7.4c	\$3.77
Strategic Planning & Policy	6.7c	\$3.41
Stormwater Drainage	5.8c	\$2.96
Governance	4.8c	\$2.45
Regulatory & Compliance	2.0c	\$1.02
Transportation	0.5c	\$0.25
Flood Protection	0.3c	\$0.15
	100c	\$50.96



Rating Information

The total rates required to be assessed on 1 July 2018 is \$480.422 million (excluding GST). Two items of rating income are excluded from this figure, and from the specific rates details provided on the following pages:

- Excess water rates – excluded because it is dependent on actual volumes consumed

during the year. Excess water rates are budgeted to be \$3.4 million (excluding GST) in 2018/19.

- Late payment penalties & surcharges – excluded because they are dependent on actual late rates payments occurring during the year. Late payment penalties and

surcharges are budgeted to be \$3.1 million in 2018/19.

The rates assessed on 1 July 2018 are based on the following (figures include non-rateable properties, as they are still liable for certain rates):

	As at 30 June 2018:
Projected number of rating units	169,027
Projected total capital value of rating units	\$102.6 billion
Projected total land value of rating units	\$45.0 billion

The resultant rates to be assessed are as follows:

Table of Rates Collected (excl. GST)	
Rate Type	Plan (\$000s)
General Rate	336,178
Uniform Annual General Charge	20,679
Targeted Rates:	
Water Supply:	
-- Normal Supply	54,769
-- Restricted Supply	156
-- Excess Supply ¹	
-- Fire Service Connection	118
Land Drainage	32,578
Sewerage	79,472
Waste Minimisation	23,867
Active Travel	3,518
Cathedral Rate	1,150
	552,485
includes GST of	72,063
Total Excluding GST	480,422
¹ Excess Water depends on actual volumes consumed	