



# How We Pay for Services

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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 28 per cent of funding from these proceeds. This compares with 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. This income is supplemented with funding from fees and charges, Government subsidies, development contributions, interest and dividends from subsidiaries.

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.

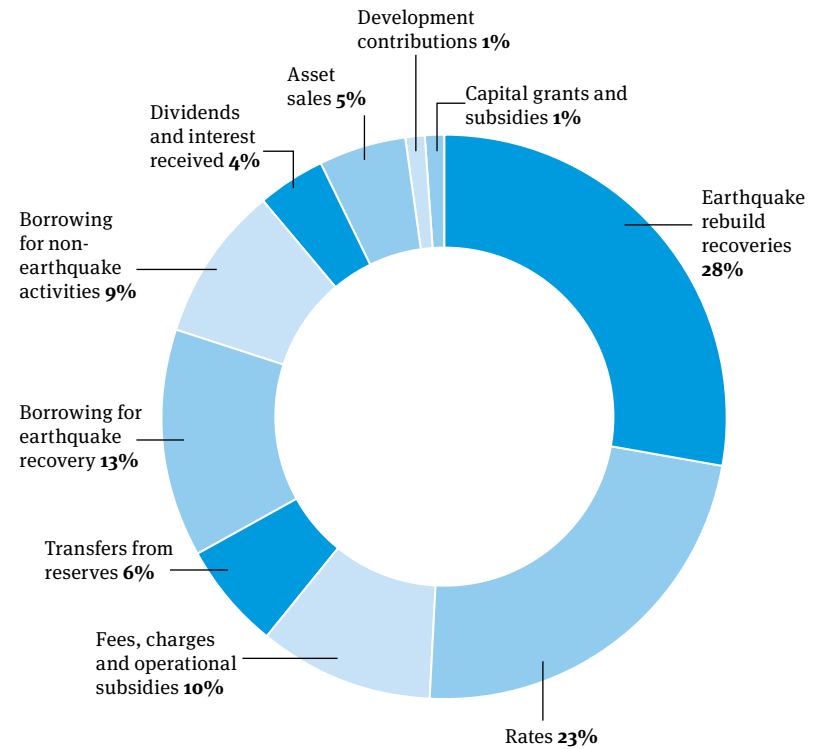
The Council owns shares in major local companies through its wholly-owned subsidiary Christchurch City Holdings Limited. These companies include Christchurch International Airport, City Care, Lyttelton Port Company, Orion, Eco Central, Enable Services and Red Bus, which together are forecast to pay dividends of \$46 million, a \$6 million increase over last year.

Borrowing is the other key source of funding. In 2013/14, the Council anticipates borrowing \$289 million, increasing to \$535 million in year two as the rebuild gains momentum.

### Funding sources 2013/14

	%	\$000
Earthquake rebuild recoveries	28%	416,194
Rates	23%	332,988
Fees, charges and operational subsidies	10%	142,864
Transfers from reserves	6%	89,164
Borrowing for Earthquake recovery	13%	186,884
Borrowing for non-earthquake activities	9%	102,399
Dividends and interest received	4%	64,816
Asset sales	5%	75,792
Development contributions	1%	13,000
Capital grants and subsidies	1%	21,546
	<b>100%</b>	<b>1,445,647</b>

### Where our funding will come from 2013/14



## Christchurch City Council

### 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.

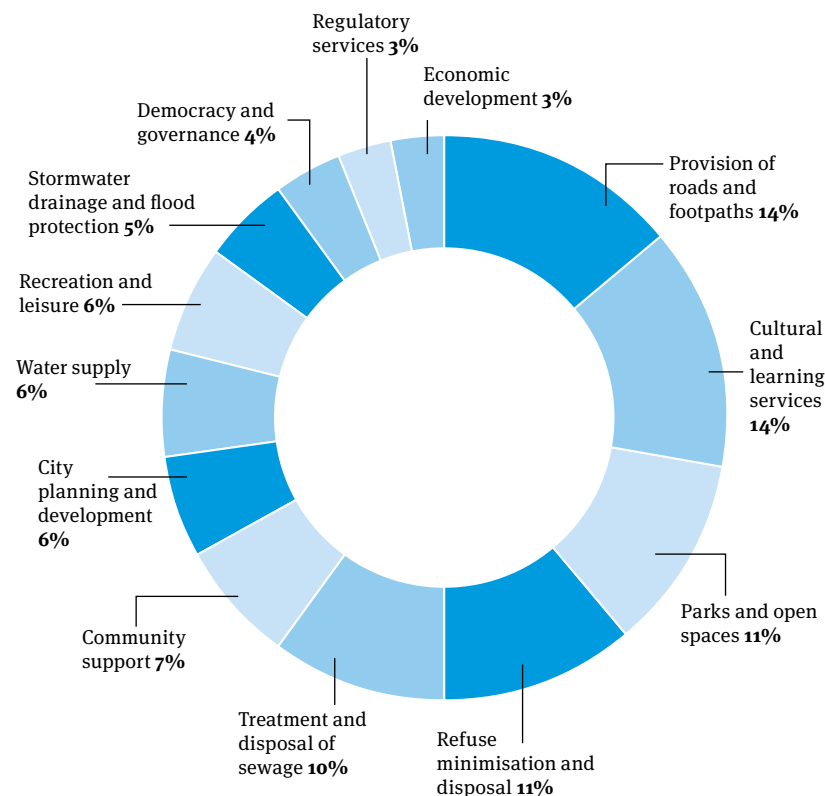
A 1.93 per cent increase in rates will fund borrowing to meet an operating deficit from additional earthquake recovery costs and the loss of several revenue sources, particularly parking. This surcharge will be applied annually through to 2015/16.

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
Provision of roads & footpaths	14.7c	\$5.35
Cultural and learning services	14.3c	\$5.20
Parks and open spaces	11.4c	\$4.15
Refuse minimisation and disposal	11.0c	\$4.00
Treatment and disposal of sewage	9.8c	\$3.57
Community support	6.7c	\$2.44
City planning and development	6.0c	\$2.18
Water supply	5.5c	\$2.00
Recreation and leisure	5.5c	\$2.00
Stormwater drainage and flood protection	4.8c	\$1.75
Democracy and governance	4.3c	\$1.56
Regulatory services	3.3c	\$1.20
Economic development	2.7c	\$0.98
<b>Total</b>	<b>100.0c</b>	<b>\$36.38</b>

#### Proposed Rates Contribution for each Group of Activities 2013/14



## Christchurch City Council

# How Capital Expenditure is Funded

The Council will invest around \$2.7 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.

Earthquake rebuild recoveries are the largest source of funding in 2013/14, followed by borrowing and rates. Collectively these three groups contribute 80%.

Capital grants, subsidies and development contributions make up 3 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 \$76 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	45%	416,194
Capital programme borrowing	23%	218,639
Reserve drawdowns	9%	82,874
Rates (for renewals)	11%	98,330
Sale of assets	8%	75,792
Development contributions	1%	13,000
Capital grants, subsidies and recoveries	2%	21,546
Metro facilities rebuild levy	1%	5,630
	<b>100%</b>	<b>932.005</b>

### Funding sources for the 2013/14 capital programme

