

Questions and answers about the Cameron Partners Report

What is the Cameron Partners report about, and how does it relate to the earlier KordaMentha report?

The Cameron Partners report follows on from the [KordaMentha report](#) which focussed on the Council's cost-sharing agreement with the Crown and its impact on the projected cost of repairs to community facilities, roads, drinking, waste and storm water. KordaMentha found there was a \$534 million potential funding shortfall in the Council's Three Year Plan completed last year. Cameron Partners did its own financial analysis and estimates the total additional funds required could be between \$783 million and \$883 million by 2019.

What are these funds for?

This is the estimated amount of money needed between 2015 and 2025 to fix or replace earthquake-damaged community facilities, pay the Council's share of the anchor projects, repair roading and drinking, waste and storm water systems, and cover the cost of borrowing funds to do this work.

There is a big difference between \$783 million and \$883 million – why the big range?

There is still uncertainty around the cost of some projects which could vary substantially from estimates e.g.

- fixing roads and pipes by about \$360 million
- anchor projects by about \$55 million
- Vbase and insurance payments by about \$220 million

The total amount of extra funding required will also depend on how much money the Council can find from the following sources:

- operating expenditure and services
- Council capital expenditure on wastewater, storm water, fresh water and roading
- altering the timing and scope of anchor projects such as the Metro Sports Centre, Stadium, New Central Library and Town Hall
- rates revenue
- dividend payments from CCHL companies
- insurance payments

What can the Council do to solve this funding gap?

Cameron Partners says the Council can:

- increase rates
- borrow more
- get money from insurance payments
- sell assets

Is the city broke?

Far from it. Cameron Partners found that although the earthquakes put significant pressure on the city's finances, the Council remains relatively wealthy with gross assets worth \$8.3 billion, with \$2.6 billion of that owned by its commercial arm Christchurch City Holdings

Limited (CCHL).

Can we just borrow more money to pay for everything?

The Council borrows money through the Local Government Funding Agency (LGFA) which has lending limits based on the ratio of net debt to revenue.

Forecasts suggest that unless the Council takes action over its finances, it will reach LGFA debt limits in 2019 and end up with a funding gap of \$106 million. Allowing an extra \$150 million debt “headroom” would take the gap to \$256 million.

So does this mean my rates will increase significantly?

The report notes that currently, Christchurch rates are at the low end of a sample group including Auckland and Wellington, and by 2022 they would move to the middle of the group. The size of any rates rises will depend on how the Council decides to close the funding gap it is facing.

What are the Council’s assets?

Christchurch City Holdings Limited has a controlling interest in the following companies:

- Orion New Zealand (89%)
- Lyttelton Port Company (80%)
- Christchurch International Airport Ltd (75%)
- Eco Central (100%)
- City Care (100%)
- Red Bus (100%)
- Enable Services (100%)

The Council’s commercial arm includes the Canterbury Development Corporation, Christchurch & Canterbury Tourism and Vbase.

What does the Cameron Partners report say about selling assets?

The report says the Council needs to consider whether it really needs to own particular assets to meet its strategic objectives. If full ownership is unnecessary, options include partial sale and contracting out services.

Will the Council sell assets to raise the funds it needs?

The Council will consider all options and consult the public of Christchurch before making a decision on the sale or partial sale of any assets.

What happens next?

The Council will set priorities - what needs to be done now, what can wait - and look at ways of achieving its objectives. However, no final decision will be made until the public has been consulted.