

Funding Impact Statement

Funding Impact Statement

This Funding Impact Statement sets out the sources of operating funding Council will use to fund its activities over the period of the Amended 2015/25 Long Term Plan. These funding sources were developed from an analysis of the Council activities and funding requirements which is set out in the Revenue and Financing Policy in the Amended Long Term Plan.

Christchurch City Council Funding impact statement

Plan 2015/16		Plan 2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		\$000								
Sources of operating funding										
269,786	General rates, uniform annual general charges, rates penalties	294,968	310,634	331,384	354,650	378,735	397,725	416,858	445,582	475,260
122,976	Targeted rates	128,932	139,972	142,878	148,688	154,683	161,908	168,246	174,502	180,598
19,809	Subsidies and grants for operating purposes	20,802	20,939	21,472	22,270	22,881	23,891	24,461	25,028	25,644
98,371	Fees, charges	99,704	97,347	103,937	114,295	122,803	128,103	132,860	136,162	140,391
277,957	Interest and dividends from investments	185,138	280,848	257,447	56,346	57,155	64,899	70,378	74,878	79,350
36,379	Local authorities fuel tax, fines, infringement fees, and other receipts	16,345	14,232	15,895	14,554	13,752	13,139	12,368	12,592	12,869
825,278	Total operating funding	745,889	863,972	873,013	710,803	750,009	789,665	825,171	868,744	914,112
Applications of operating funding										
421,831	Payments to staff and suppliers	401,996	368,410	369,371	392,433	406,914	419,023	430,912	439,197	450,570
78,574	Finance costs	78,051	82,547	89,210	96,912	104,209	108,727	111,265	118,370	123,843
64,283	Other operating funding applications	45,101	38,167	40,718	34,702	35,182	40,409	40,972	41,675	42,290
564,688	Total applications of operating funding	525,148	489,124	499,299	524,047	546,305	568,159	583,149	599,242	616,703
260,590	Surplus (deficit) of operating funding	220,741	374,848	373,714	186,756	203,704	221,506	242,022	269,502	297,409
Sources of capital funding										
21,848	Subsidies and grants for capital expenditure	20,520	41,428	20,248	19,949	25,043	35,725	21,788	16,728	17,339
17,231	Development and financial contributions	13,115	18,113	24,262	23,082	24,097	25,537	24,375	23,407	23,352
206,737	Increase (decrease) in debt	(15,827)	142,465	151,220	177,653	74,695	47,028	49,595	69,483	29,420
54,671	Gross proceeds from sale of assets	8,003	5,902	5,835	4,353	502	515	530	545	561
-	Lump sum contributions	-	-	-	-	-	-	-	-	-
119,923	Other dedicated capital funding	107,140	60,024	12,679	15,302	7,097	7,153	9,529	6,779	6,380
420,410	Total sources of capital funding	132,951	267,932	214,244	240,339	131,434	115,958	105,817	116,942	77,052
Applications of capital funding										
Capital expenditure										
800,763	- to replace existing assets (a)	428,890	471,945	463,687	286,398	187,541	180,697	247,770	303,737	296,375
60,846	- to improve the level of service	45,893	100,214	88,052	92,857	74,967	50,847	24,370	27,177	27,465
96,599	- to meet additional demand	60,747	67,875	41,891	48,436	72,323	105,859	74,713	54,319	49,018
(276,808)	Increase (decrease) in reserves	(167,353)	2,746	328	404	1,307	1,061	1,986	2,311	2,703
(400)	Increase (decrease) of investments	(14,485)	-	(6,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,100)	(1,100)
681,000	Total applications of capital funding	353,692	642,780	587,958	427,095	335,138	337,464	347,839	386,444	374,461
(260,590)	Surplus (deficit) of capital funding	(220,741)	(374,848)	(373,714)	(186,756)	(203,704)	(221,506)	(242,022)	(269,502)	(297,409)
-	Funding balance	-	-	-	-	-	-	-	-	-

Changes between Long Term Plan and Amended Long Term Plan

Funding impact statement

	Plan								
\$000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sources of operating funding									
General rates, uniform annual general charges, rates	904	(9,652)	(14,884)	(12,831)	(10,903)	(11,295)	(12,272)	(6,778)	(2,859)
Targeted rates	(1,346)	(1,492)	(1,431)	(1,809)	(1,210)	(898)	(330)	(481)	(627)
Subsidies and grants for operating purposes	(39)	(283)	(187)	(329)	(419)	(208)	(360)	(948)	(1,173)
Fees, charges	1,387	(4,695)	(10,298)	(6,307)	(4,780)	(4,055)	(4,960)	(5,908)	(7,264)
Earthquake recoveries	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	(79,056)	(137,847)	212,313	11,644	12,519	11,338	17,111	18,792	21,759
Local authorities fuel tax, fines, infringement fees, an	(3,842)	(157)	(343)	(273)	(351)	(444)	(508)	(608)	(738)
Total operating funding	(81,992)	(154,126)	185,170	(9,905)	(5,144)	(5,562)	(1,319)	4,069	9,098
Applications of operating funding									
Payments to staff and suppliers	10,089	(2,370)	(8,357)	(5,557)	(3,459)	(3,788)	(6,559)	(10,154)	(13,524)
Finance costs	(12,928)	(17,355)	(9,339)	(5,817)	(4,321)	(1,684)	1,258	6,368	9,328
Other operating funding applications	4,715	(1,191)	3,923	4,118	4,346	9,224	9,445	9,822	10,125
Total applications of operating funding	1,876	(20,916)	(13,773)	(7,256)	(3,434)	3,752	4,144	6,036	5,929
Surplus (deficit) of operating funding	(83,868)	(133,210)	198,943	(2,649)	(1,710)	(9,314)	(5,463)	(1,967)	3,169
Sources of capital funding									
Subsidies and grants for capital expenditure	(8,024)	11,419	(6,981)	(1,455)	8,998	22,352	7,433	556	362
Development and financial contributions	284	381	368	325	262	129	(12)	(200)	(409)
Increase (decrease) in debt	(315,783)	187,001	118,868	74,434	46,184	68,341	18,757	(5,653)	5,555
Gross proceeds from sale of assets	(23)	(23)	(22)	(17)	(2)	(3)	(4)	(6)	(9)
Lump sum contributions	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	(22,787)	3,533	(20,899)	14,061	5,577	3,626	3,983	(2,782)	(1,246)
Total sources of capital funding	(346,333)	202,311	91,334	87,348	61,019	94,445	30,157	(8,085)	4,253
Applications of capital funding									
Capital expenditure									
- to replace existing assets	(205,845)	130,661	229,245	86,237	24,459	(1,666)	6,810	(5,983)	5,513
- earthquake rebuild	-	-	-	-	-	-	-	-	-
- to improve the level of service	(34,458)	(678)	(781)	11,368	10,955	20,478	(2,764)	(2,517)	(4,783)
- to meet additional demand	(22,450)	15,282	(9,748)	(9,963)	26,246	69,487	23,352	2,100	10,492
Increase (decrease) in reserves	(153,363)	(77,164)	74,361	(3,443)	(3,051)	(4,168)	(4,133)	(4,552)	(4,700)
Increase (decrease) of investments	(14,085)	1,000	(2,800)	500	700	1,000	1,429	900	900
Total applications of capital funding	(430,201)	69,101	290,277	84,699	59,309	85,131	24,694	(10,052)	7,422
Surplus (deficit) of capital funding	83,868	133,210	(198,943)	2,649	1,710	9,314	5,463	1,967	(3,169)
Funding balance	-	-	-	-	-	-	-	-	-

The changes above are explained in the Financial Overview.

Detailed information about sources of operating funding

Rates, uniform annual general charges and rates penalties

Rates, uniform annual general charges and rates penalties are derived in accordance with the Council's rating policy. In general they fund operating expenditure, but they also fund asset renewals and debt repayment which are included under Applications of capital funding in the table above.

Targeted rates

Targeted rates are derived in accordance with Council's rating policy and are used to fund specific activities. More detail is set out in the revenue and Financing Policy.

Subsidies and grants

Subsidies and grants are primarily received from NZTA in support of the Road Network and Transport activities.

Fees and charges

Fees and user charges are developed from the various pricing policies under the Activity Management Plans for each Group of Activities. The effect of any fee or charge levied by Council is to reduce the amount of funding the Council needs to source from rates. There are a number of increases proposed to fees and charges which are detailed in the Fees and Charges schedules.

Interest and dividends

The Council receives interest from its financial investments and from loans to various Council controlled and community organisations. The Council also receives dividends from some of the various CCTOs that it owns or has an ownership interest in. The effect of any interest or dividends received by the Council is to reduce the amount of funding Council needs to source from rates, or in the case of special dividends from borrowing.

Other receipts

Other receipts are largely comprised of earthquake recoveries which partly reimburse the Council for temporary works. The funds are received under the National Civil Defence and Emergency Management Plan, administered by CERA to reimburse local government for 60%- 100% of qualifying costs incurred as a result of a disaster.

The table above shows the revenue planned for each class of operating revenue and the key classes of expense over the remaining nine years of the plan. These are also illustrated in the graphs below.

Detailed information about sources of capital funding

Subsidies and grants

The subsidies, grants, and other funds collected by the Council are set out in the various Activity Management Plans. The largest single subsidy received by the Council is from the New Zealand Transport Agency to support Council's Road Network and Transport activities. The effect of any grant or subsidy collected by the Council is to reduce the amount of funding Council needs to source from borrowings.

Development contributions

Development contributions are charged to property developers to recover the estimated cost of increasing the capacity of the city's infrastructure and community facilities to meet the needs of growth. A detailed explanation of development contributions is provided in the Development Contributions Policy.

Borrowing

The Council's capital expenditure is financed as outlined in the Revenue and Financing Policy. As a general principle Council borrows to provide the funding necessary to purchase or construct new long-term or infrastructural assets. In some instances Council will also borrow to fund grant expenditure that is classified as operating expenditure in Council's financial statements, but which is provided to fund capital expenditure. An example is the funding provided to the Canterbury Museum Trust Board for additions to the Museum buildings. In accordance with its financial strategy the Council is also borrowing to fund some earthquake response costs until 2016/17.

All borrowing is carried out in accordance with the Liability Management Policy.

Asset Sales

These typically comprise sale of fleet vehicles and sale of surplus land.

Other dedicated capital funding

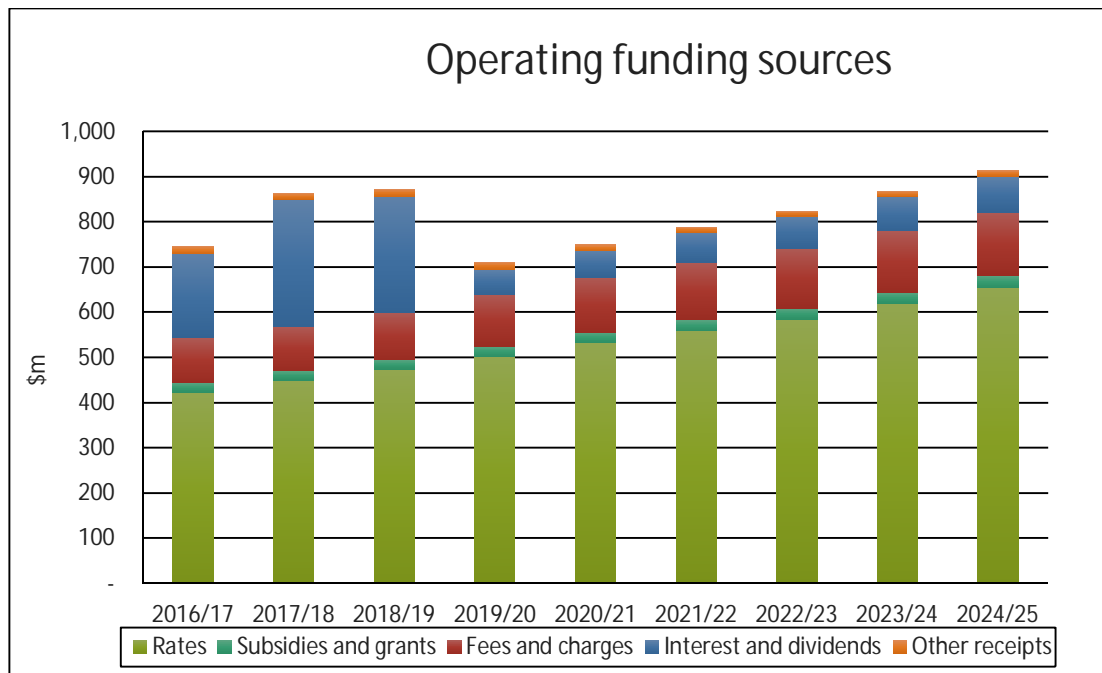
These largely relate to earthquake recoveries, which are comprised of the reimbursement from the Crown, and NZ Transport Agency subsidies. During the rebuild this source of funding is significant.

Reserve funds (shown in the table as a net figure under Applications)

Council maintains a number of reserve funds. Many of these have resulted from bequests or gifts to the city, while others are the result of specific decisions by Council (such as the Capital Endowment Fund) or the exercise by Council of its statutory powers (such as for the collection of financial contributions under the Resource Management Act). These funds are invested by the Council in accordance with its Investment Policy, and funds are drawn from individual reserves for operating or capital expenditure that meets the purpose of that reserve.

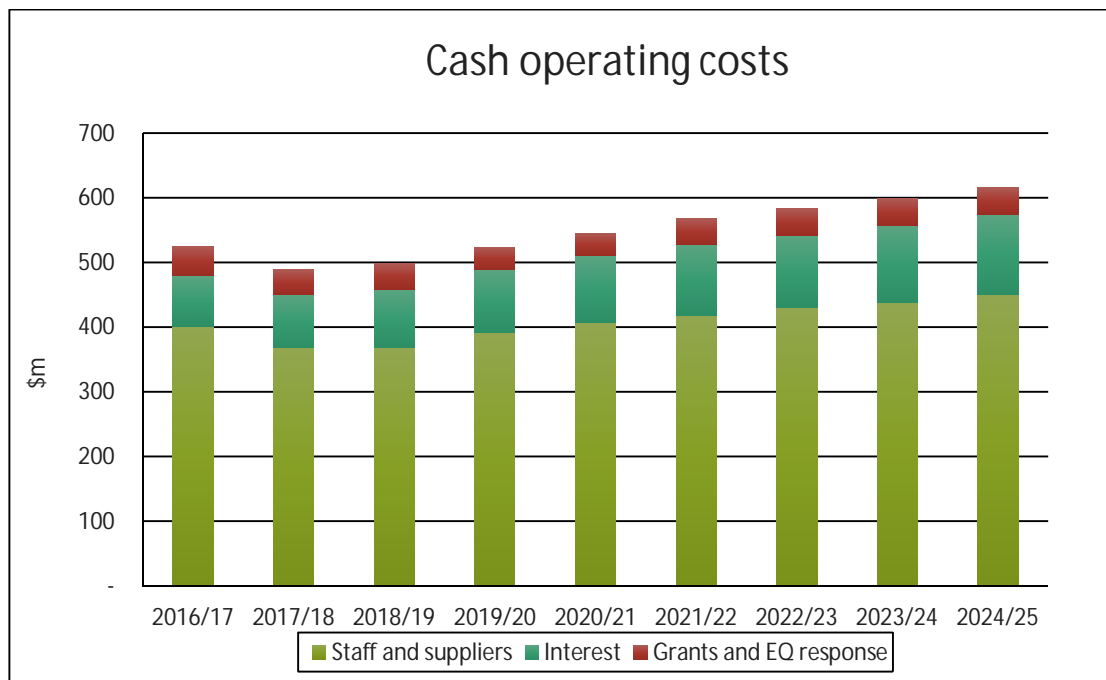
The table above shows the revenue planned for each class of capital revenue over the remaining nine years of the long term plan along with the key classes of expense.

Operating funding sources for 2017 to 2025:

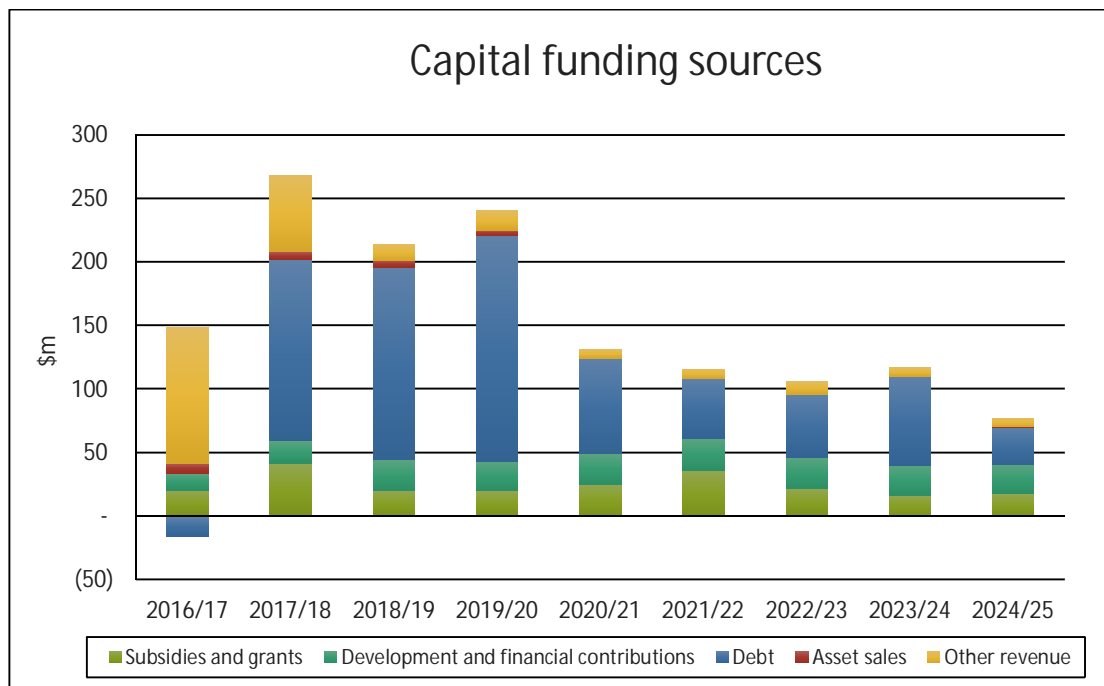


The higher interest and dividends in 2016/17, 2017/18 and 2018/19 are due to the CCHL capital release which will be used as a capital funding source.

Cash operating costs for 2017 to 2025:

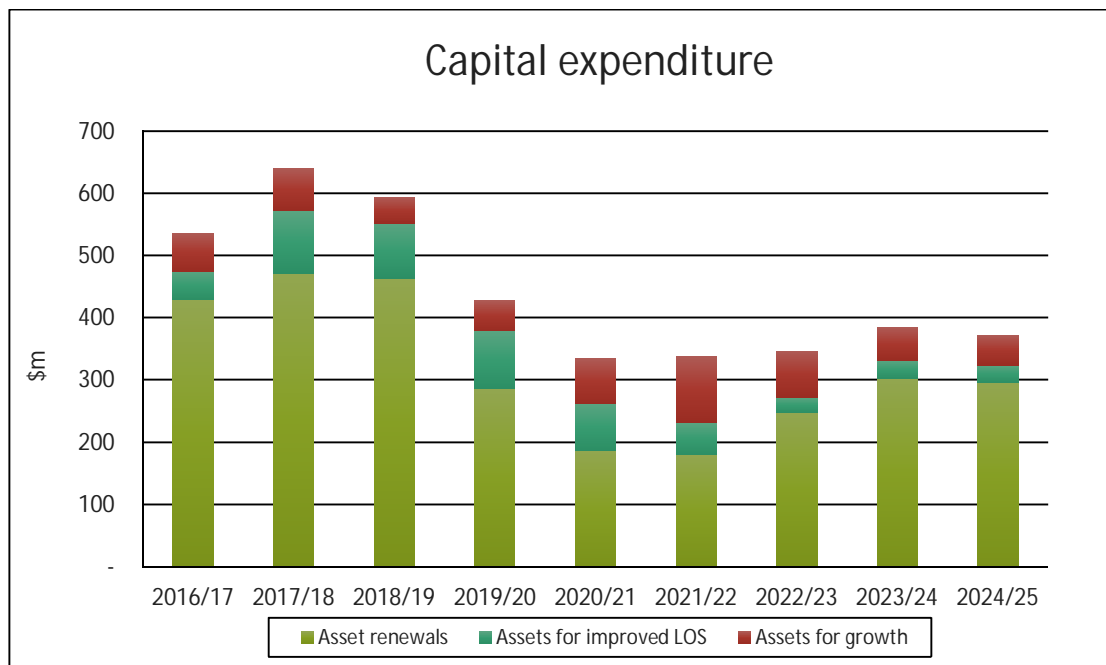


Capital funding sources for 2017 to 2025:



Other revenues are higher in 2016/17 and 2017/18 due to Crown contributions to the Rebuild. This phases out on completion of the SCIRT works and major roading repair works such as Sumner Road.

Capital expenditure for 2017 to 2025:



The Council will invest \$4 billion in the city's infrastructure over the period of the Amended Long Term Plan. More information is available in the section on Planned Capital Projects.

