

significant forecasting assumptions

City Growth

Population

Planning for activities, and thence the likely cost of providing those activities, considers that the population of Christchurch will increase at the medium growth rate projected by the Department of Statistics.

The Department is currently projecting the future population to be:

2006	2011	2016	2021	2026	2031	2036	2041	2046	2051
339,900	347,100	353,400	359,400	364,900	368,200	368,800	366,800	363,100	358,100

Growth in the Rating Base

The capital value of Christchurch on 1 July 2005 is expected to be approximately \$29.2 billion, up \$855 million from 1 year ago and generating an additional \$4.2 million in rate revenue. The projected percentage increase in rates for years beginning on or after 1 July 2006 include the assumption that growth in the capital value of the City will generate an additional \$2 million in rate revenue per annum. This is a conservative figure.

Inflation

All projections of costs and revenues are based on 2004 dollars. An adjustment for inflation of 2% has been applied globally..

Interest Rates

It is assumed the Council will be able to borrow at 6.75% throughout the period covered by the plan. This figure is based on independent advice and on the Council's retaining at least an AA credit rating from Standard and Poors.

It is assumed the Council's investments will yield an average of 5.5% throughout the period covered by the plan. This figure is based on independent advice, and is conservative.

Operating Assumptions

The transportation component of the cost of disposing of solid waste will increase significantly when the Burwood landfill closes and waste has to be delivered to the new regional landfill.

The amount of solid waste being sent to landfill will decline by 21.5 kg per person per year until 2020.

The number of registered motor vehicles in Christchurch will increase by between 40% and 50% over the next 20 years. The population, in contrast, is projected to increase by only 5% or so.

Life of Assets

Council assets are considered to have the following useful lives listed below. These estimated useful lives are used to calculate depreciation rates.

Operational Assets	
Buildings	15-100 yrs
Office and Computer Equipment	4-5 yrs
Mobile Plant including Vehicles	2-30 yrs
Sealed Surfaces (other than roads)	30-100 yrs
Leasehold Land Improvements	10-100 yrs
Library Books	3-10 yrs
Infrastructural Assets	

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Pavement Sub-base	Indefinite
Base course	50-90 yrs
Surface	2-63 yrs
Streetlights & Signs	25 yrs
Kerb, Channel, Sumps & Berms	80 yrs
Bridges	70-150 yrs
Bus Shelters & Furniture	20-40 yrs
Water Supply	55-130 yrs
Stormwater Drains	30-120 yrs
Waterways	15-120 yrs
Sewers	50-130 yrs
Sewage Treatment Plant	10-50 yrs
Sewage Pump Stations	10-80 yrs
Heritage Assets	
Historic Buildings	100 yrs
Artworks and Heritage Assets	1000 yrs

Sources of Funds for Replacing Significant Assets

The Council has four sources of funds available to it for replacing strategic assets. These are projected operating surpluses plus depreciation charges, transfers from reserves and, when these are insufficient, borrowing. The financial summary tables earlier in this document show the values for each of those sources for the period of this Plan.

The Council's financial performance ratios, summarised in the graphs in the Financial Overview at the beginning of this Volume, show clearly the Council has sufficient funds to not only replace strategic assets as required, but also carry out its entire capital programme, and still remain within its self-imposed financial performance parameters.