

### 13. STANDARD & POOR'S CREDIT RATING

RR 10462

The Committee **received** a report from the Director of Finance on the outcome of a recent review of the Council's credit rating by Standard and Poor's.

On 29 July 1999 Standard & Poor's advised that they were confirming the AA credit rating with a stable outlook. In addition, as in the past, the short-term rating for debt issuance is A-1+.

In their detailed report which will be published by Standard & Poor's later in August they state:

*"The ratings on the Christchurch City Council (CCC) reflect its solid ongoing financial position and structural diversity of the city economy, offset by its rapidly expanding net debt burden. The ratings of Christchurch City Holdings Limited (CCHL) are the same as CCC's reflecting CCHL's close integration and identification with CCC."*

While in the initial part of the review Standard & Poor's expressed some concerns regarding the growth in debt of the Council, once they had obtained the full consolidated projections they were able to confirm a stable outlook.

Standard & Poor's have recognised that the Council has a heavy capital expenditure commitment and they will clearly be watching carefully to ensure that the Council operates close to its forward projections if it is to maintain its credit rating status.

Because of the heavy capital expenditure commitments mentioned above, Standard & Poor's have commented on the importance of applying the capital repatriation moneys to debt reduction.