

Financial Reporting and Prudence Benchmarks

Long-term plan disclosure statement for period commencing 1 July 2018.

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

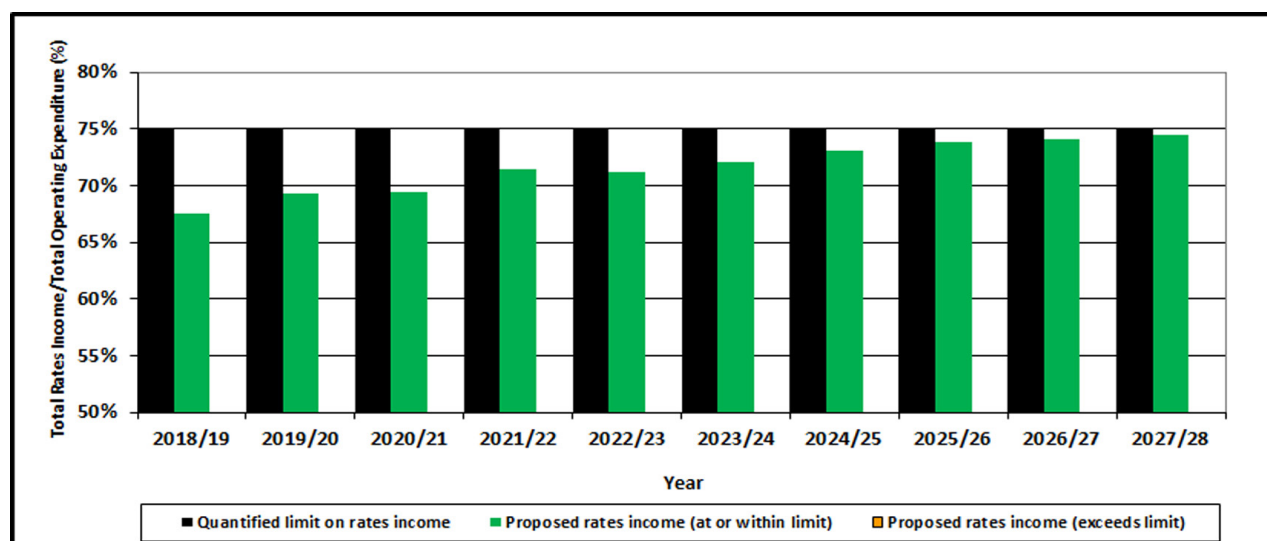
Rates affordability benchmark

The council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

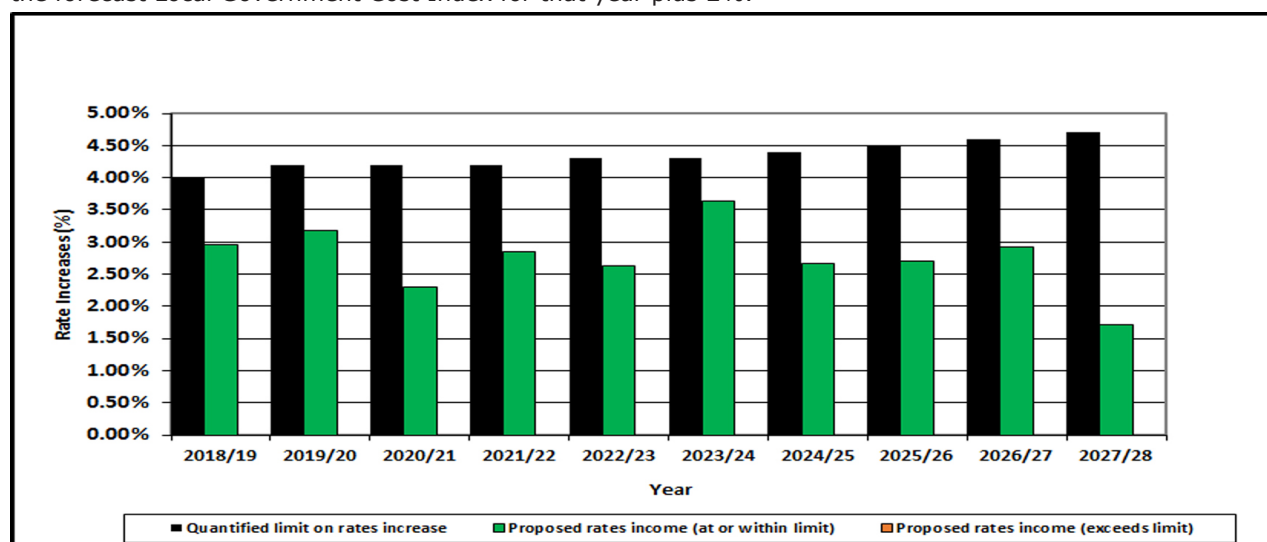
Rates (income) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is total rates revenue will be limited to an average of 75% of total operating expenditure.



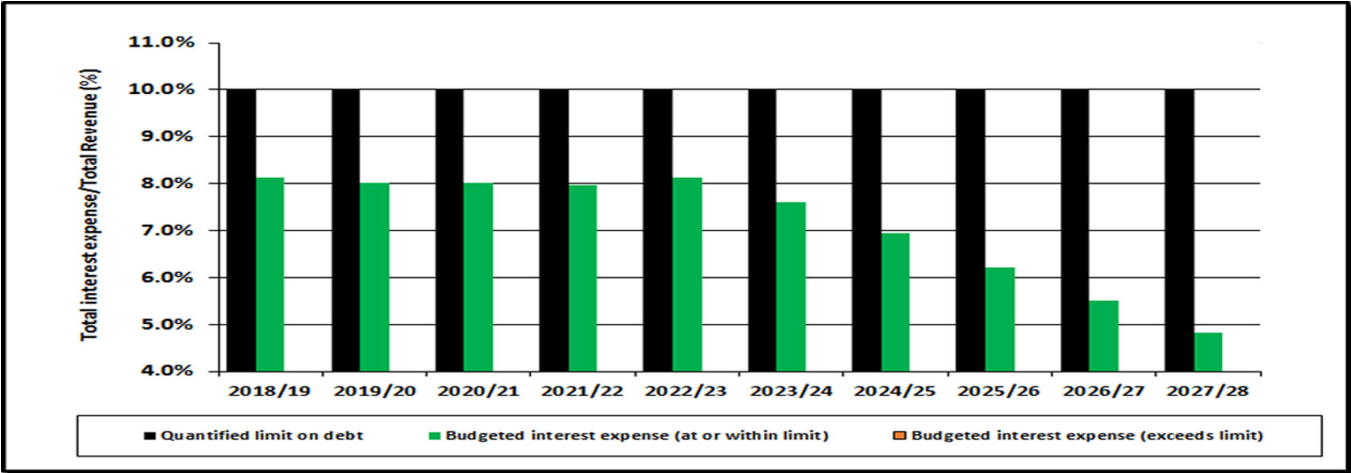
Rates (increases) affordability

The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is total rate increases will be limited to a cap of the forecast Local Government Cost Index for that year plus 2%.

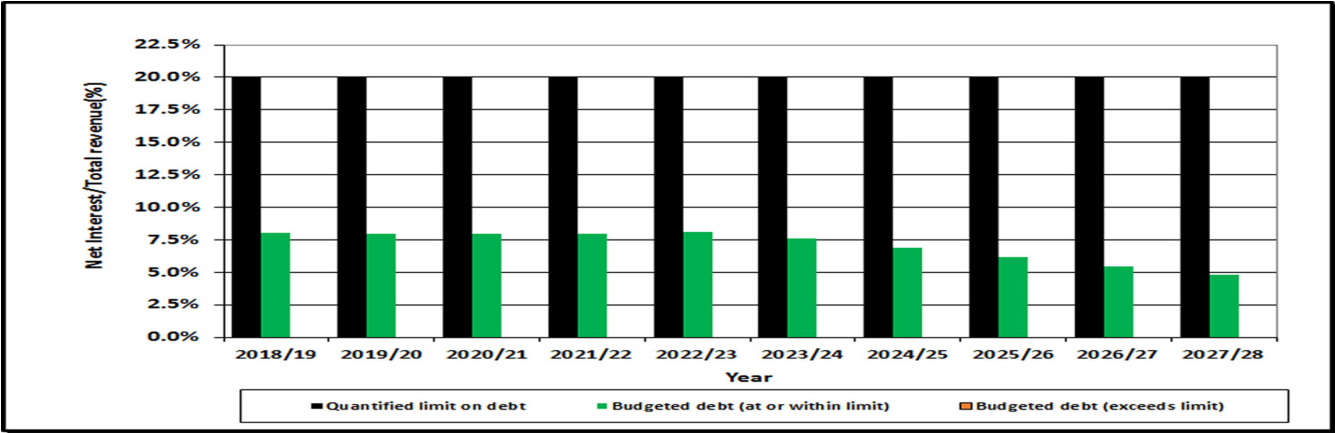


Debt affordability benchmark

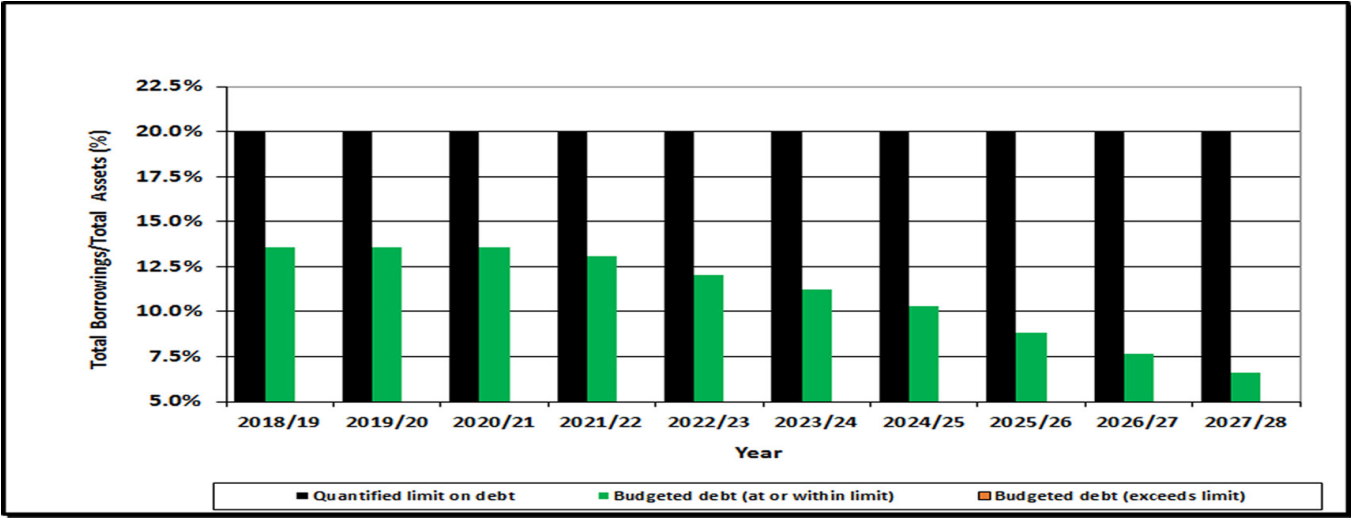
The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is total borrowing cost will not exceed 10% of total revenue.



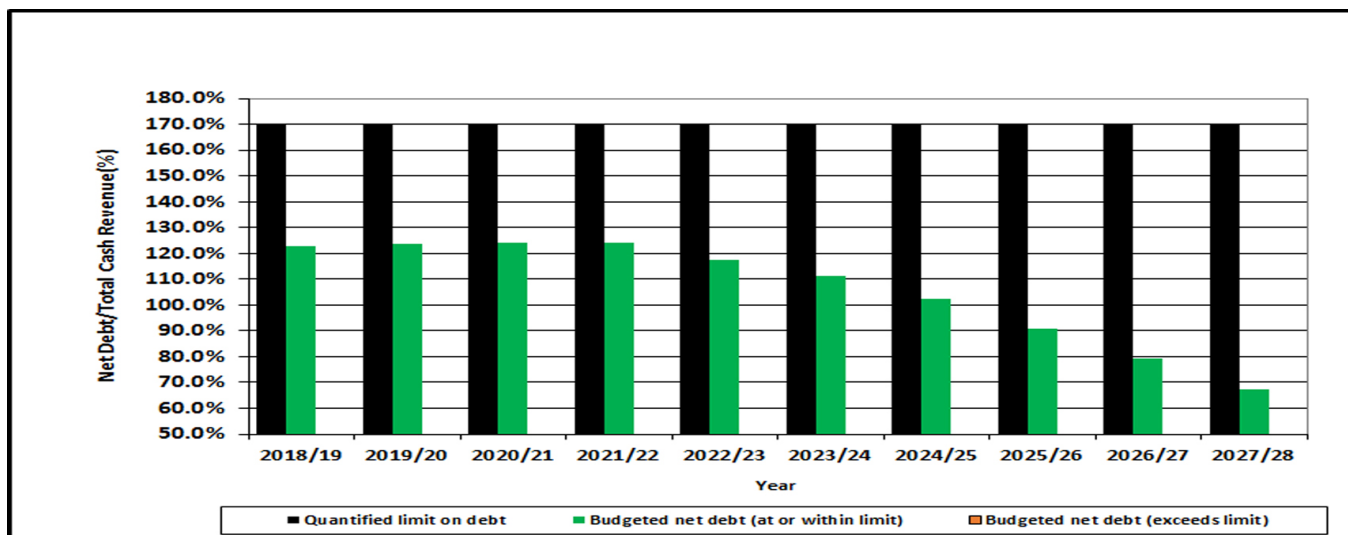
The following graph compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is the ratio of net interest to total revenue will not exceed 20%.



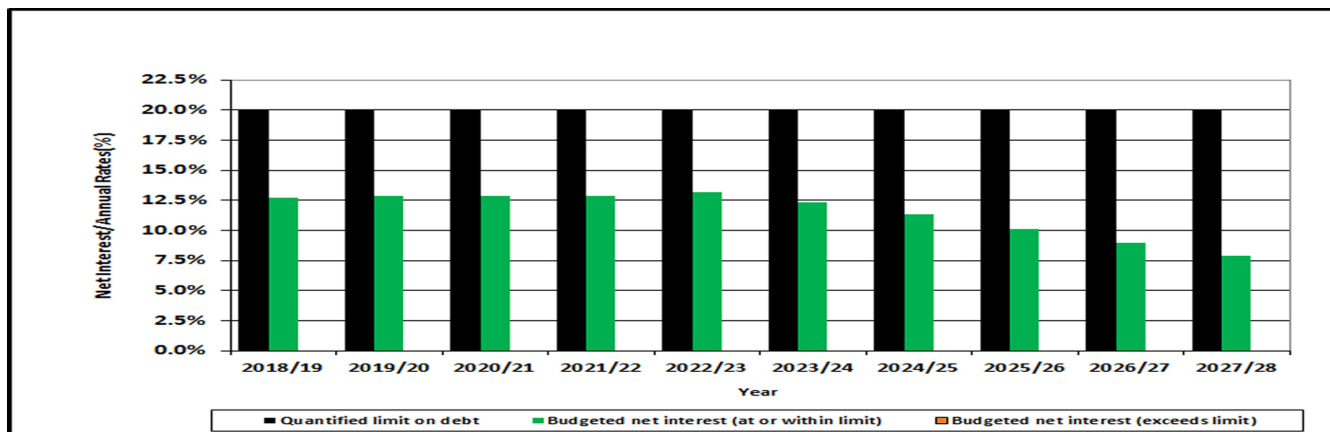
The following graph compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is the total borrowings must not exceed 20% of total assets



The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is net debt will not exceed 170% of total (cash) revenue.



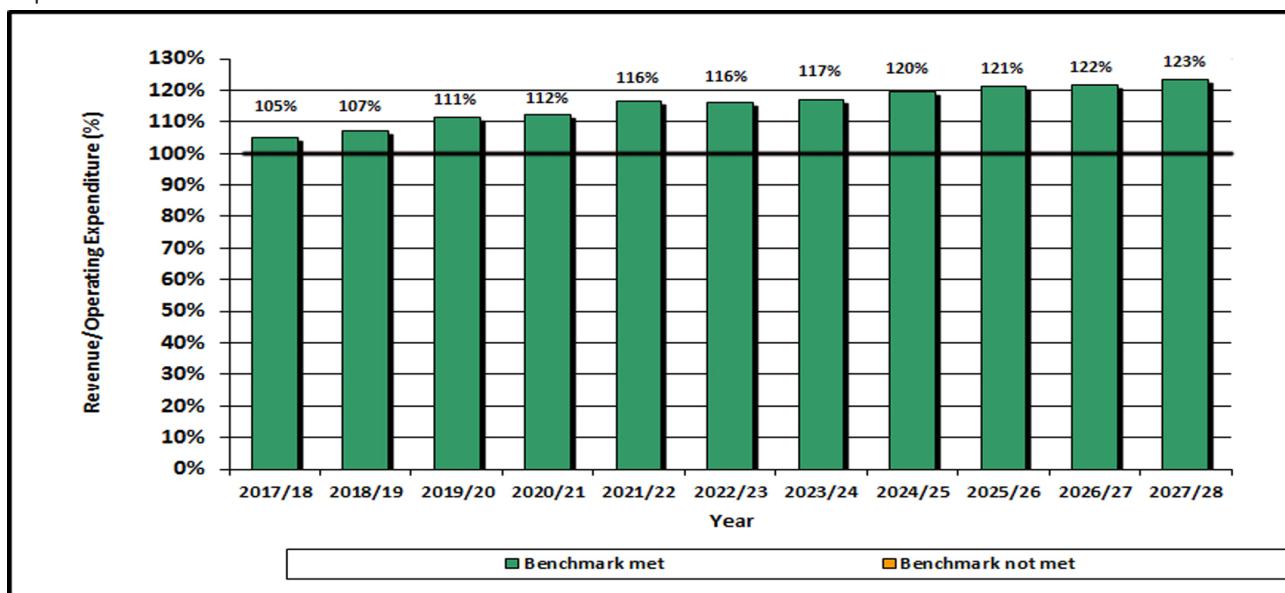
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is net interest will not exceed 20% of annual rates.



Balanced budget benchmark

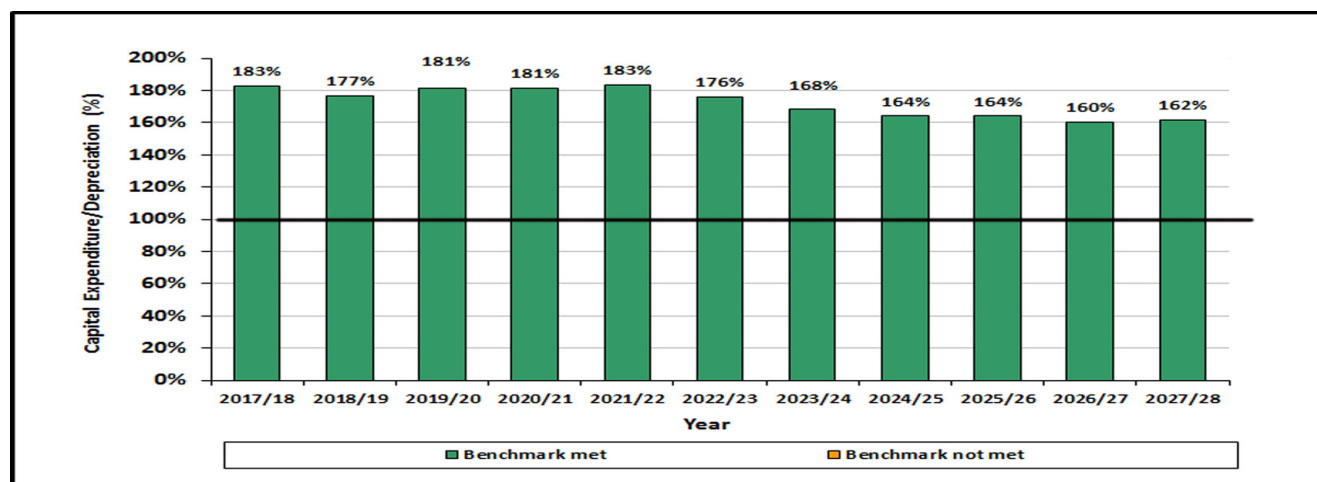
The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

