

Annual Plan Disclosure Statement for the period commencing on 1 July 2017

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 annual 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.

Benchmark	Planned	Met
Rates income affordability benchmark <= \$85.8m	\$85.4m	Yes
Rates increases affordability benchmark <= 5% increase	4.5%	Yes
Debt affordability benchmark <= 12.5% increase	8.1%	Yes
Balanced budget benchmark >=100%	104%	Yes
Essential services benchmark	122%	Yes
Debt servicing benchmark <=10%	4.9%	Yes

Rates Income affordability benchmark

For this benchmark the Council's planned rates income for the year is compared with the equivalent dollar value increase on the prior year rates, contained in the Financial Strategy included in the Council's LTP. The quantified limit is that the dollar value does not exceed the dollar value increase on the prior year rates equivalent to a 5% increase.

The Council meets the rates income affordability benchmark if the rates dollar increase is equivalent to 5% or less.

Rates Increase affordability benchmark

For this benchmark the Council's planned rates increase for the year are compared with quantified limit on rates contained in the Financial Strategy included in the Council's LTP. The quantified limit is that rate increases will not exceed 5% year on year.

The Council meets the rates increase affordability benchmark if the rates increase is 5% or less.

Debt affordability benchmark

For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the Financial Strategy included in the Council's LTP. The quantified limit on this benchmark is the proposed net interest expense on external debt cannot exceed 12.5% of total annual rates income and is measured as a percentage.

The Council meets the debt affordability benchmark if its proposed net interest is equal to or below 12.5% of annual rates income.

Balanced budget benchmark

For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its 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 revenue equals or is greater than its operating expenses.

Essential services benchmark

For this benchmark, the council's planned capital expenditure on network services is presented 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

For this benchmark, the Council's planned borrowing costs are presented 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 that the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.