

Long Term Plan disclosure statement 2021 - 31

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 Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. 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.

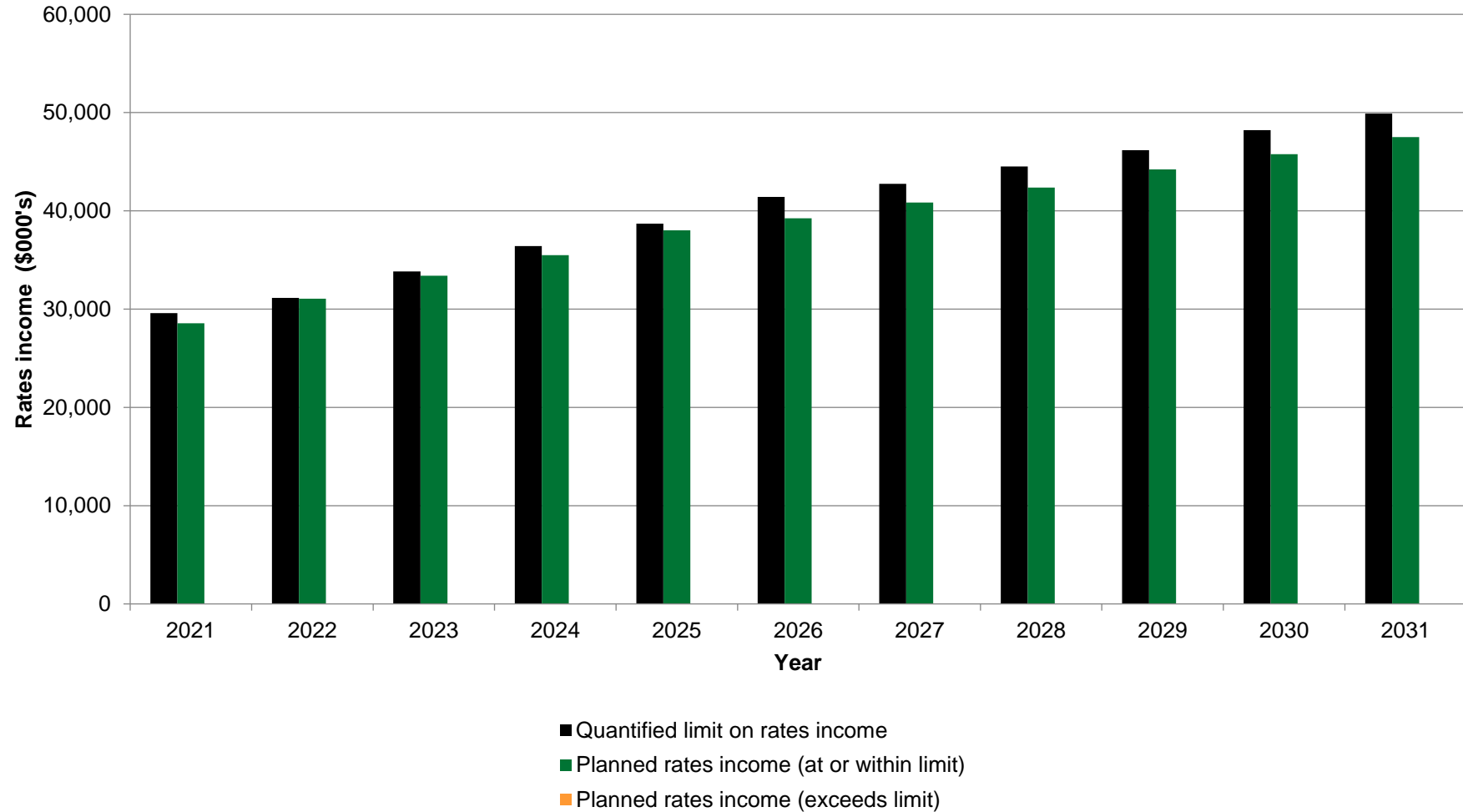
Rates affordability benchmark

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.

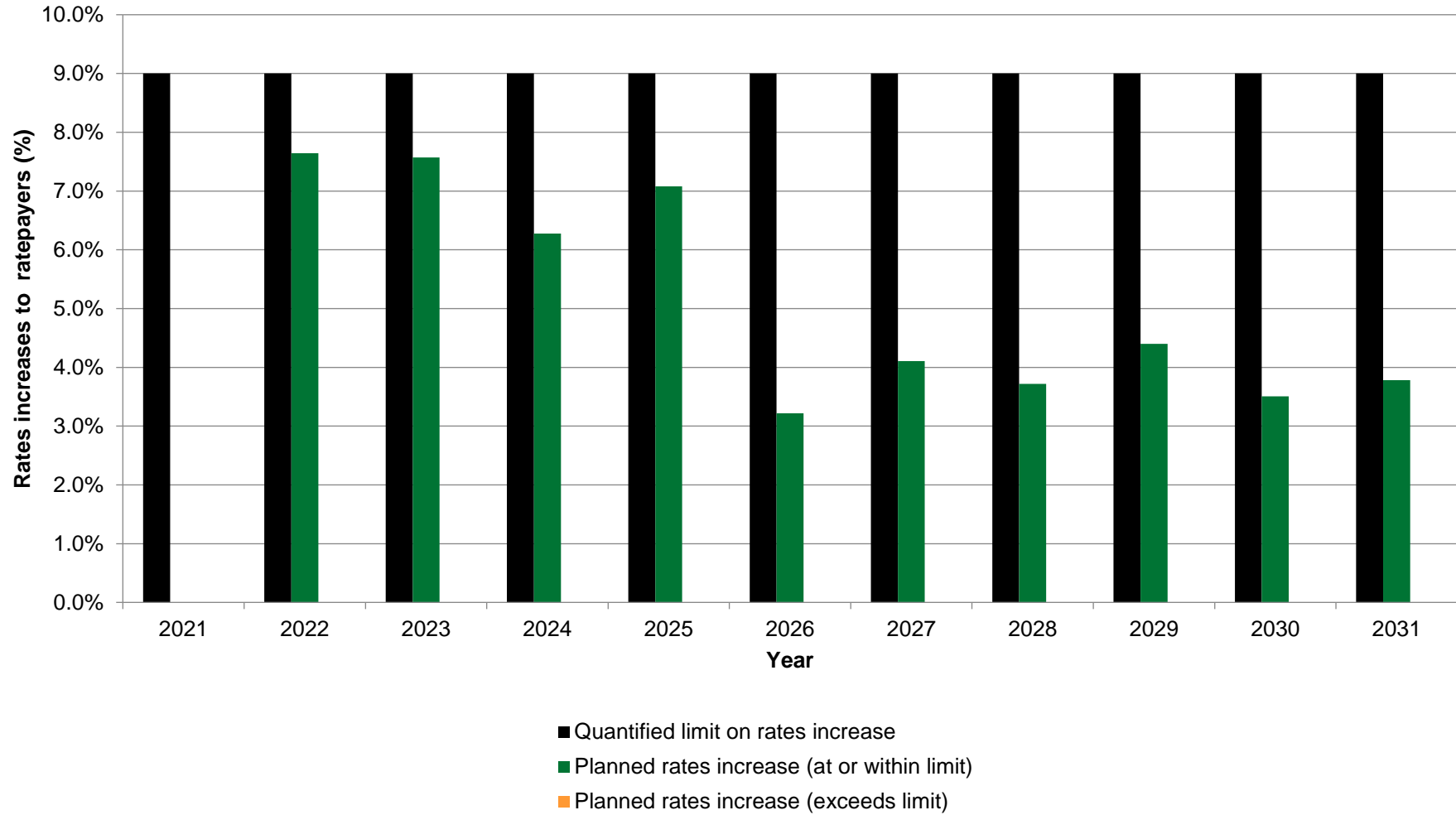
Rates (income) affordability

The following graph compares Council's planned rates income with a quantified limit on rates contained in the financial strategy, including in Council's long term plan.



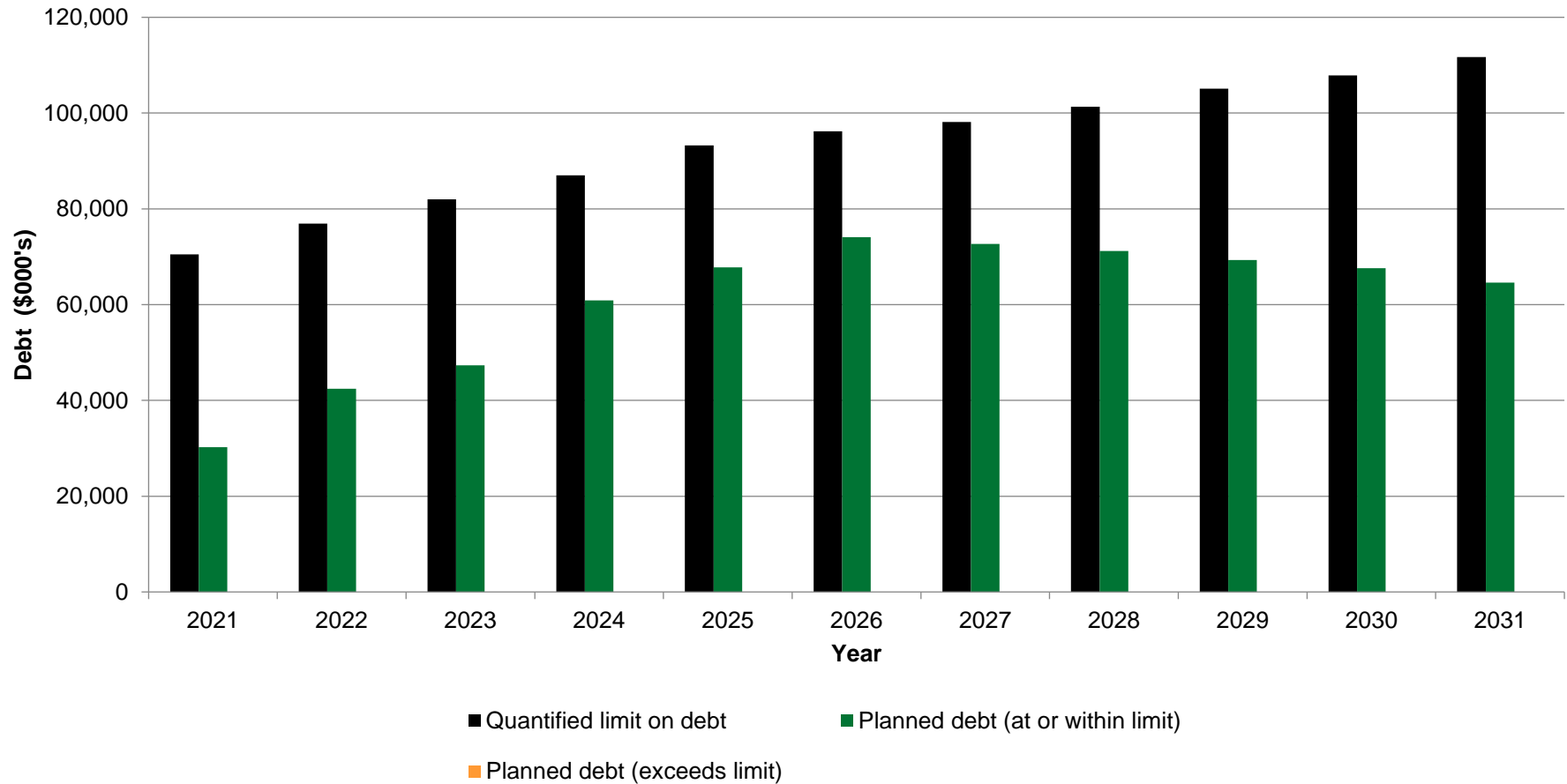
Rates (increases) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in Council's long term plan.



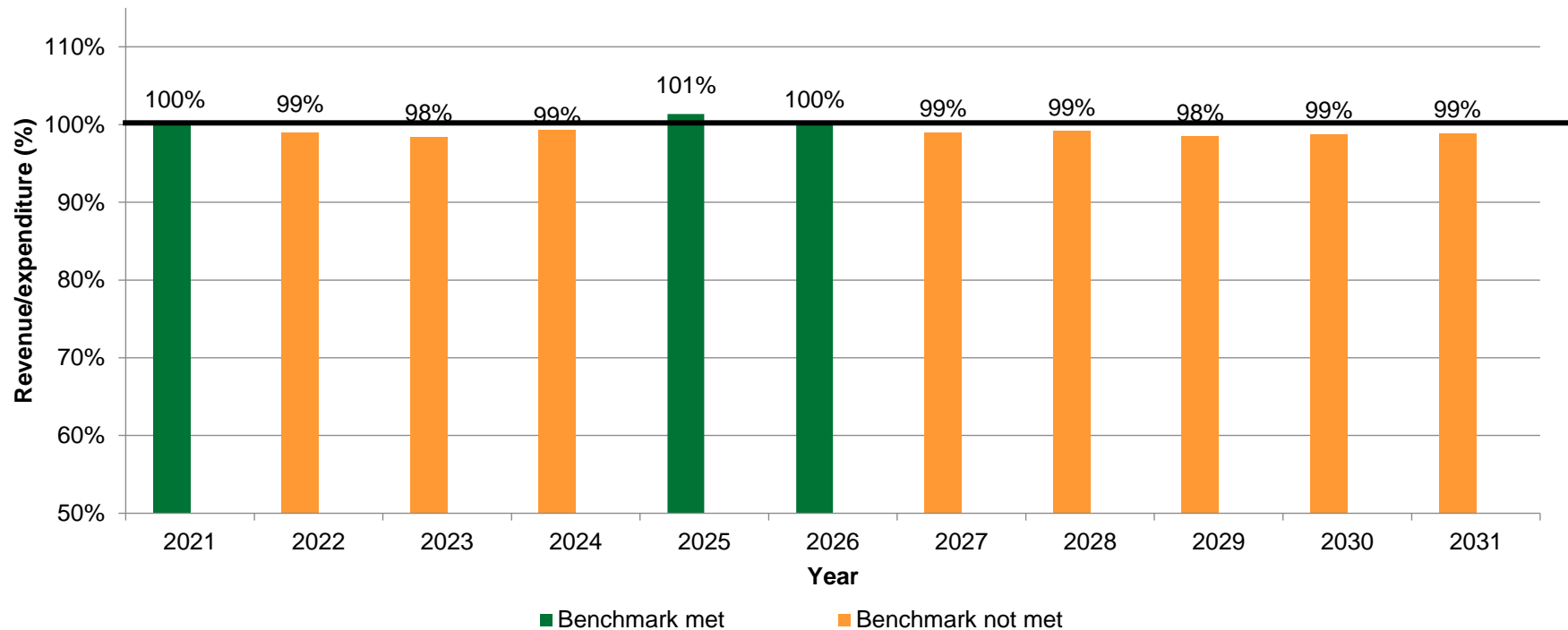
Debt affordability benchmark

Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on external borrowing. The following graph compares Council's planned borrowing with a quantified limit on borrowing, stated in the financial strategy in Council's long term plan.



Balanced budget benchmark

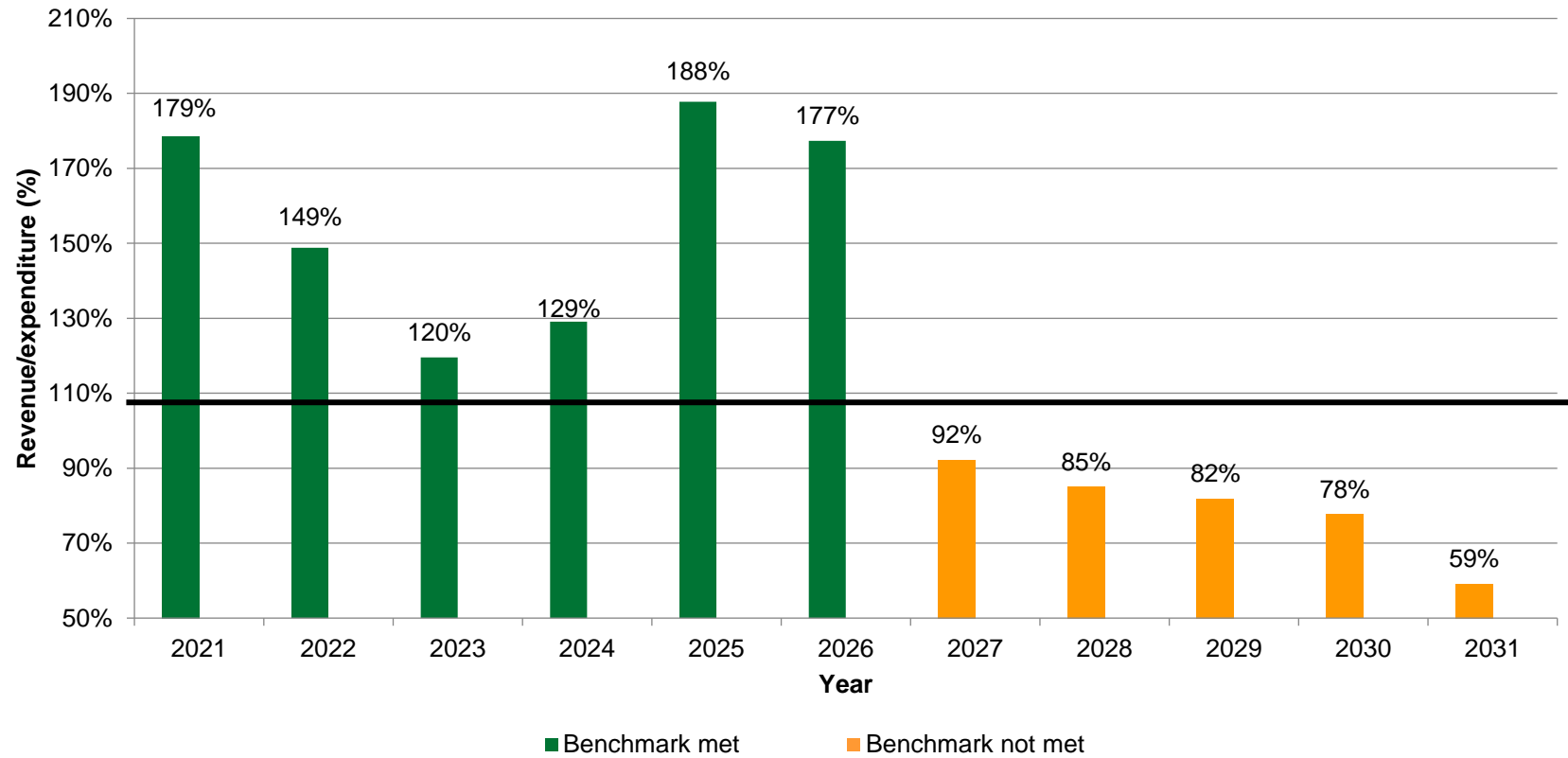
The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.



The main reason for the unbalanced budget is due to the decision Council has made to not fund asset replacement on some assets. Council considers this is to be financially prudent as: we have moved to fully funding the three waters depreciation by year 10; and the replacement of the South Waikato Heated Indoor Pools will be funded 50% by contributions from external funders and the community.

Essential services benchmark

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



Debt servicing benchmark

The following graph displays 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). Council meets this benchmark if its borrowing costs equal or are less than 15% of its revenue.

