Long term Plan Disclosure Statement for period commencing 1 July 2024

What is the purpose of this statement?

The purpose of this statement is to disclose Councils 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.

Rates affordability benchmarks

Council meets the rates affordability benchmark if:

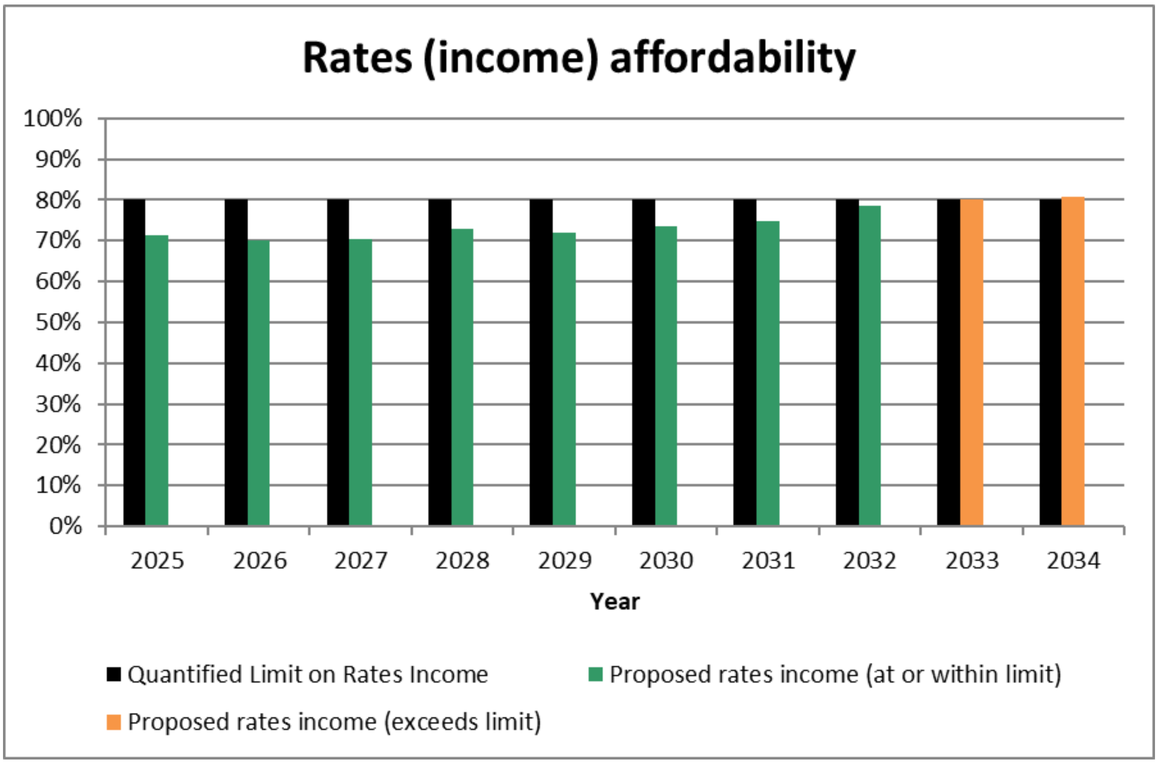
Its planned rates income equals or is less than each quantified limit on rates; and

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 that total rates revenue must not exceed 80 per cent of operating revenues.

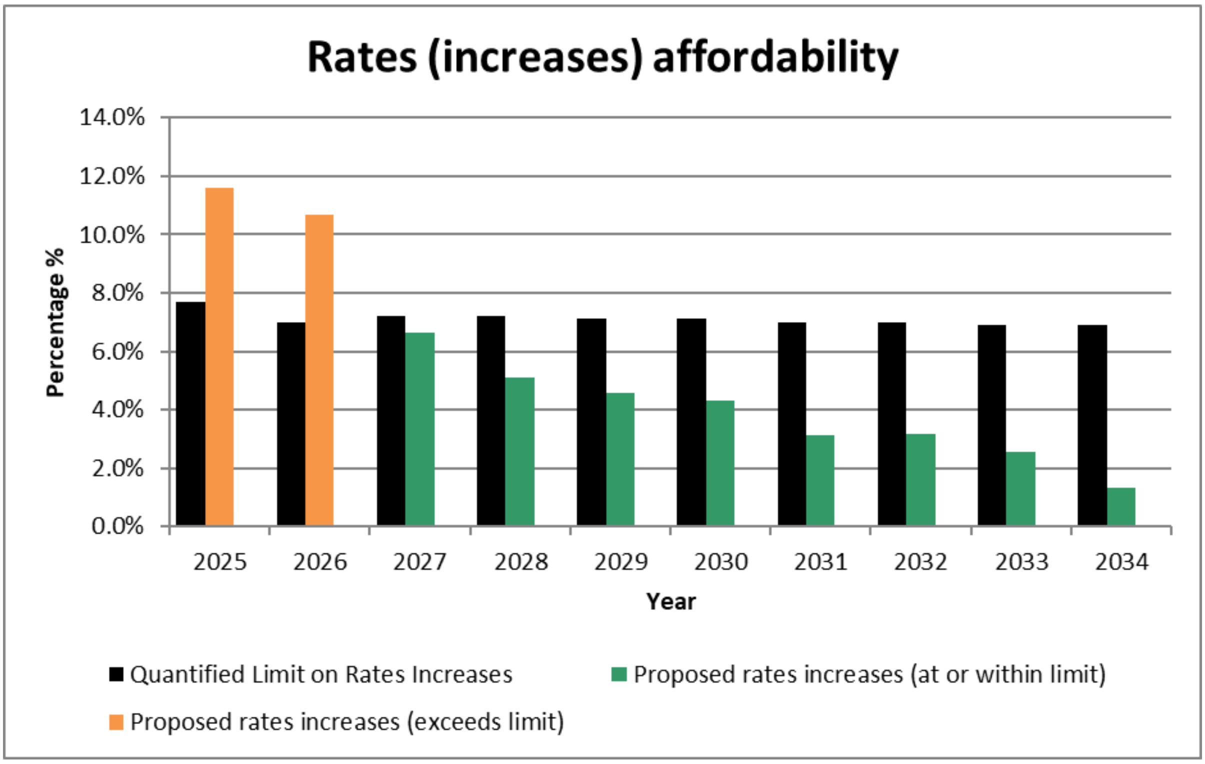
Council meets this benchmark for the first eight years of the plan, in years nine and ten Council exceeds the benchmark by 0.2% and 0.7% respectively. This is reflective of the availability of alternative funding streams, such as external funding, which is considered more challenging than previous LTP's and therefore Council will see an increased reliance on rates revenue during this 10-year period.



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 LGCI + 5.0 per cent.

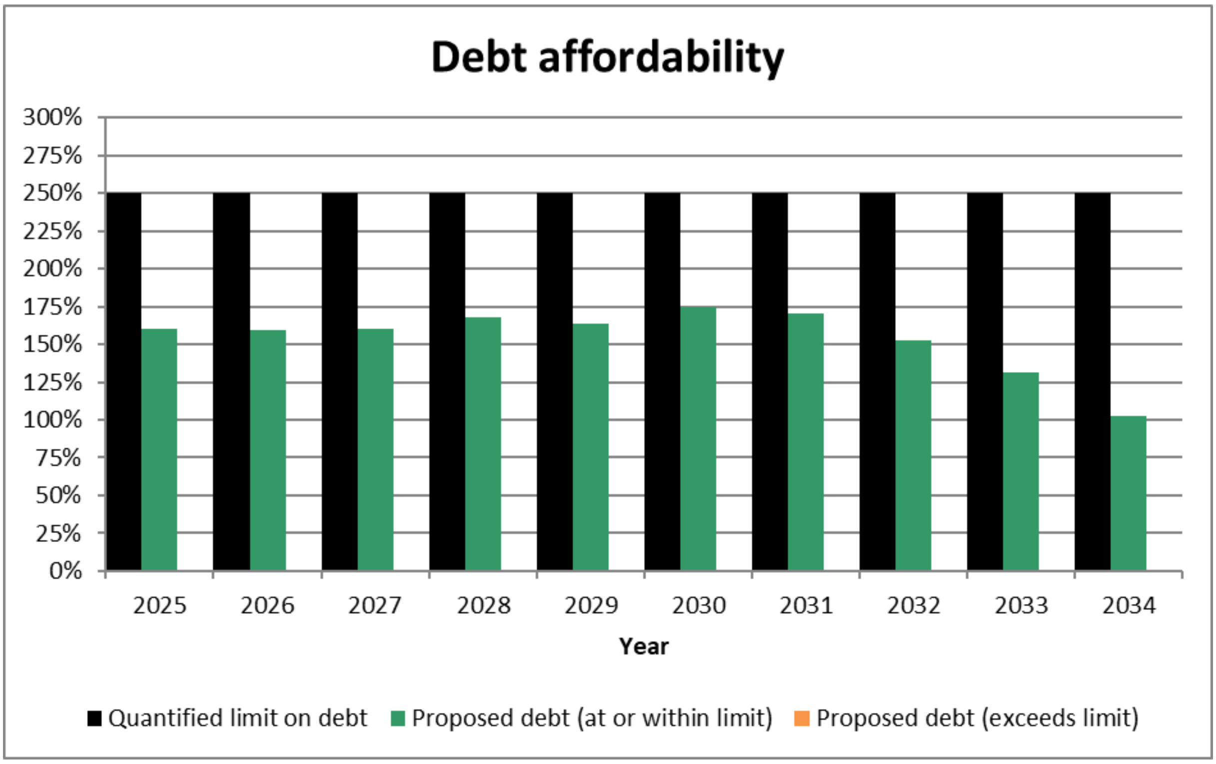
Council meets this benchmark for the 8 out of 10 years of the plan. Council will breach the rates limit in years 1 & 2 of this LTP due to recent inflationary pressures, non-controllable cost increases, and increased interest costs. Council recognises that although these short-term rates increases are fundamentally outside of Council's control without compromising Council's priorities, they are also likely to be challenging for the community. Council have recognised this by not adjusting the benchmark for the two years but instead showing these two years as a short-term breach to the affordability limit.



Debt affordability benchmarks

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 that gross external borrowing may not be more than 250% of annual operating income.

Council meets this benchmark for the 10 years of the plan.

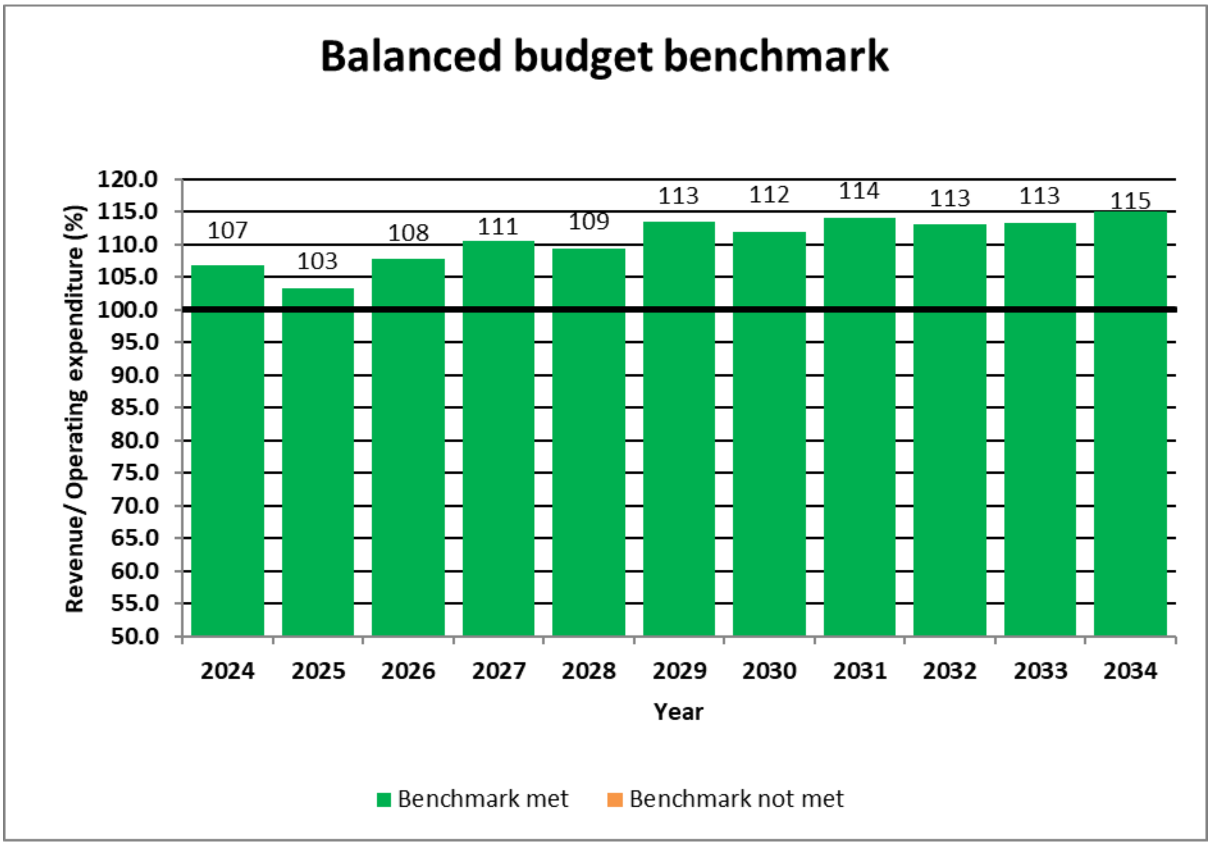


Balanced budget benchmark

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.

Council meets this benchmark for the 10 years of the plan.

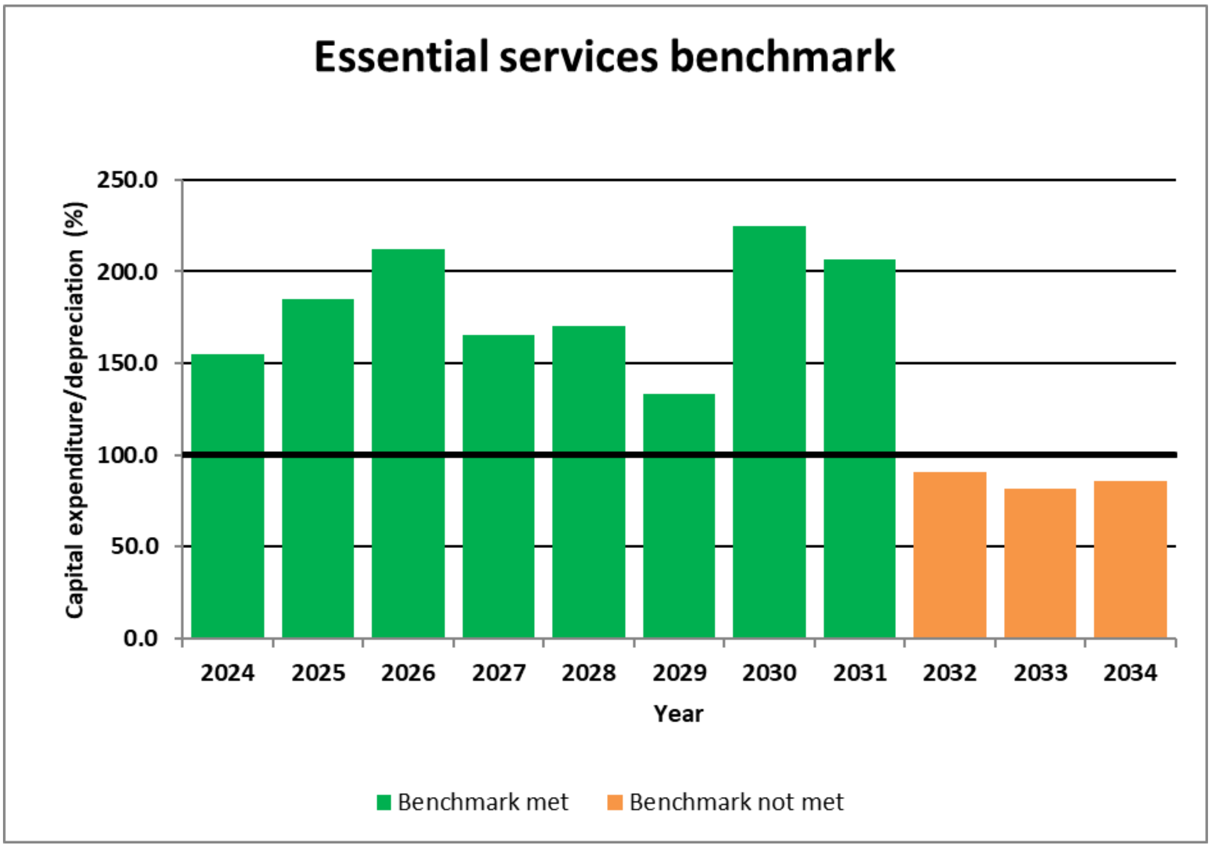


Essential services benchmark

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.

Council substantially exceeds this benchmark in the first 7 years of this plan. Council through its asset management plans has developed renewal programmes for its assets based on when they need replacing. The later years are a breach due to these essential services being prioritised for earlier in the plan. These programmes fluctuate over the ten years of this plan.



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 is expected to grow at or above the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

Council meets this benchmark for the 10 years of the plan.