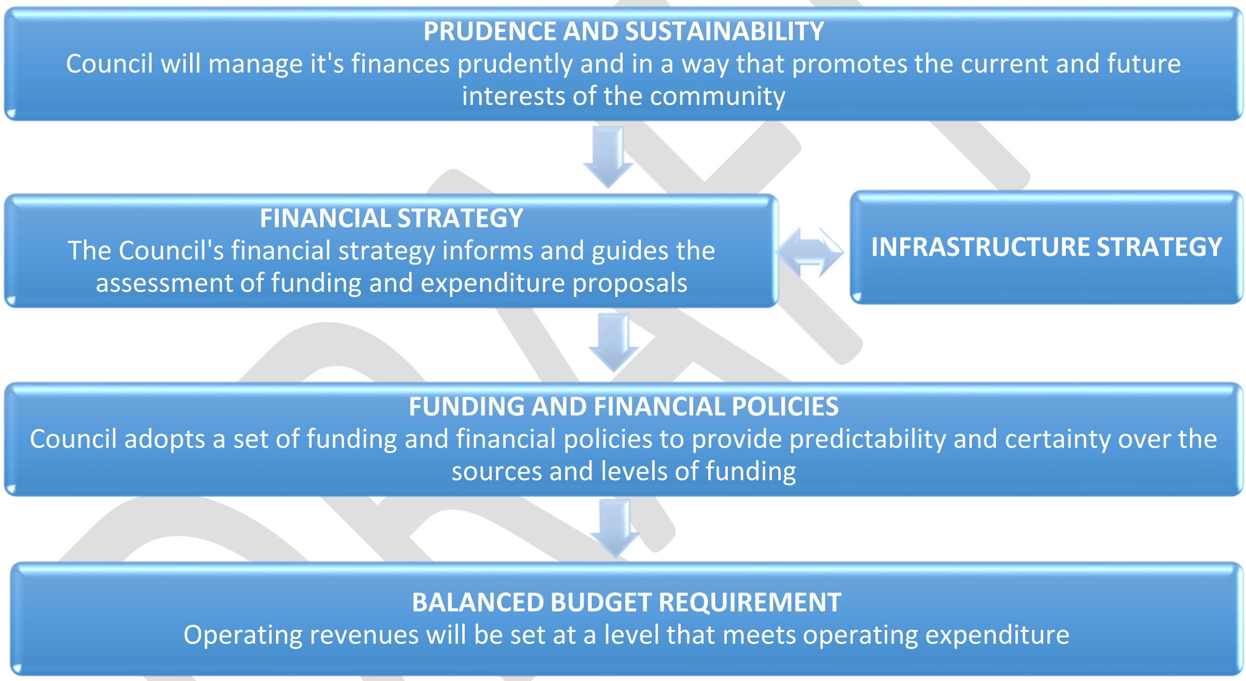
Financial Strategy

Introduction

This financial strategy continues the focus Council set in the Long-term Plan 2012-22 and 2015-25 on prudently managing our investments and borrowings, keeping rates affordable and sustainable and looking after the assets we have while maintaining levels of service.

This strategy outlines the Council's financial vision for the next 10 years and the impacts on rates, debt, levels of service and investments. It will guide the Council's future funding decisions and, along with the Infrastructure Strategy, informs the capital and operational spending for the Long Term Plan 2018-2028. It identifies the challenges that we want to respond to with our financial goals.



In the previous strategies, we identified a number of financial challenges that faced the district and the measures to address them. This strategy supports this approach and illustrates how we are currently tracking against our objectives.

Council made significant investments in infrastructure and community assets from the mid 2000's including the Eastern Arterial Bypass (ETA), the upgrade of the AC Baths, upgrades to water treatment plants in Taupo, Turangi and Mangakino to meet Ministry of Health drinking water standards, and wastewater treatment plant upgrades in Taupo, Mangakino and Turangi.

As these investments provide intergenerational benefit it is appropriate that they were funded by loans to share the cost across todays and tomorrows ratepayers. This has resulted in Council's current high gross debt level.

Up until the last couple of years Council's revenue from sources other than rates was lower than projected. This was partially a consequence of the global financial crisis that resulted in a slow-down in the creation of new subdivisions and building activity. In addition, development and sales of Council land did not proceed as planned.

The package of interconnected measures Council implemented in 2012 to ensure we had a prudent and sustainable financial strategy for the future included:

- Selling some investment assets – we sold some land and forestry assets to fund previously capitalised interest payments and reduce debt
- A new funding model was introduced to improve fairness, sustainability and efficiency
- Reviewed infrastructure spending, operating costs and levels of service – we maintained operational levels of service, so that residents and ratepayers continued to enjoy the facilities we already have. We also deferred some infrastructure development, because growth, and therefore demand was lower, or because of the very high costs on small communities.
- Economic development investment for the district to attract new industries and create new jobs.

Council has been successful over the last five years in implementing the planned financial strategy.

Rates have been within the limits set in the financial strategies of 2012 and 2015. Debt has reduced from a peak of $168m in 2014 to $144m by 2018 and we have maintained our levels of service.

We have continued with our strategy of selling surplus non-strategic land both as bare land parcels for private sector development and we have successfully completed a staged subdivision at Botanical heights with all 39 sections sold.

Council harvested part of its forestry block at Tirohanga in 2017 and will look to harvest the remaining Tirohanga blocks over the next few years. Net proceeds from these sales will be set aside for debt reduction.

Challenges we have identified

Demographics

The Council has prepared a Demographic Snapshot in 2017 to provide an overview of the population and demographic estimates for the district and main settlements. It provides one single source of information for population and demographic estimates and while there may be short-term peaks and troughs, it will reflect much longer-term trends. It uses data from Statistics New Zealand medium projections. The main population and demographic trends that are relevant for the financial strategy are outlined below. More information is available in the Demographic Snapshot.

Growth then decline in population

The population of the Taupo district has seen steady growth in recent times but projected growth into the future remains modest before peaking in late 2030s. The district population is projected to increase from 34,800 in March 2013 to a peak of 39,100 in 2038 before declining. This will have financial implications as Council will need to provide and fund infrastructure for this growth and then continue to fund it through the decline in the population. However, as discussed in the Infrastructure Strategy, we do not know how the decline in population and therefore the number of houses for sale will impact on the number of holiday homes in the district and how this will impact on the provision of infrastructure.

Aging population and affordability

While an aging population is a worldwide phenomenon, it is anticipated that this will be highly pronounced in the Taupō District over the next 30 years. Currently (2018) 18 per cent of the population is aged 65 years and over but this is projected to increase to 25.4 per cent in 2033 and 28.5 per cent in 2043. As most of these people will be retired and many on fixed incomes affordability of rates will be an issue for some. With increasing expenditure required for infrastructure in the next 30 years, the desire to reduce Council debt, and the aging of the population affordability of rates will need to be taken into account in future financial strategies.

Changes in numbers of dwellings

The long term trend, for the past 50 years, has been for a decrease in the number of people living per dwelling. This is true across all ages but particularly with an increasing aging population. As retirees disinvest from larger family, to smaller homes suitable for one or two residents, the reduction in average occupancy per household will result in an increase in household formation. Projections show a growth in households at a rate slightly faster than the population. However, the growth in households also peaks in the 2038. The increase in households potentially enables a greater rate take but as many of these new households will be on fixed incomes, the ability to pay increased rates will be limited.

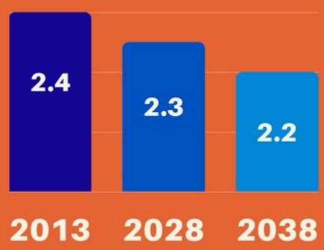
As these changes are long term trends we need to keep monitoring them in subsequent long-term plans. We do not consider that there will be changes in capital and operating costs in this long-term plan in providing for these trends.

POPULATION AND DEMOGRAPHICS

AGEING POPULATION

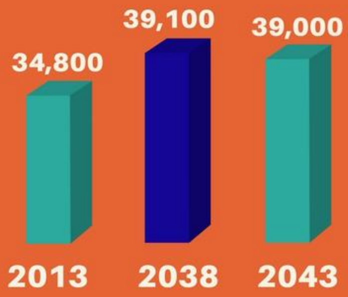
AT LEAST 1 IN 4 PEOPLE WILL BE AGED 65 + BY 2051

PEOPLE PER HOUSEHOLD



AVERAGE HOUSEHOLD SIZE IS PROJECTED TO DROP TO 2.2 BY 2038

POPULATION CHANGE



POPULATION PEAKS AT 39,100 IN 2038

Infrastructure issues

The Infrastructure Strategy outlines the main themes and issues that arise from these over the next 30 years. These are:

Theme 1: Population and demographic change

Issue 1: New infrastructure is required to cater for growth, primarily in Taupo town and Kinloch

Issue 2: An ageing population may drive a change in demand for the services that we provide

Issue 3: An aging population on fixed incomes facing increasing infrastructure costs may result in rates that are unaffordable for our ratepayers

Issue 4: It is projected that our population will decline but there is uncertainty about what the impact will be on the number of dwellings that need to be serviced by infrastructure

Theme 2: Protecting the health of our communities and the environment

Issue 5: Some of our communities may face a health risk without safe and clean drinking water supplies

Issue 6: The availability and supply of raw water will come under increased pressure

Issue 7: Protection of the environment will drive increased costs for council's wastewater and stormwater discharges

Issue 8: Every year we have a number of wastewater overflows with many of these entering the lake. This is unacceptable to the Council and community.

Theme 3: Maintaining and renewing our infrastructure

Issue 9: A range of council's assets may be nearing the end or are already at the end of their useful life and need renewal, however we do not know how many assets this issue potentially affects

Theme 4: Resilient infrastructure

Issue 10: The district is vulnerable to a wide range of events,(including natural hazards), that could cause significant damage and disruption to council's services at any time

Theme 5: Knowledge gaps

Issue 11: We have knowledge gaps across facilities and parks and reserves which means we are not strategic in our provision of facilities and parks and reserves

Further information on these themes and issues can be found in the Infrastructure Strategy.

Dispersed infrastructure demands

The district has a number of water supply schemes (19) and wastewater treatment plants (11) dispersed around the district, many of them servicing smaller communities. The dispersed nature of these smaller networks can result in higher costs to operate them, from communications to enable automation and remote monitoring to staffing levels to respond to and maintain the networks and plants. There is also increased costs to ensure each of the plants/networks irrespective of size meets the required national standards and consent conditions. All these issues mean that dispersed infrastructure results in higher operating costs than in other districts with less dispersed infrastructure assets.

This has been addressed by the whole of the district contributing to the cost of most infrastructure across the district. For example, wastewater, transport & stormwater are rated district wide. However, water is currently funded by fixed targeted rates specific to that particular scheme. Council treats, stores and distributes water for residential, commercial, rural and industrial properties in Taupō, Turangi, Mangakino and 16 other schemes in the district. The 2015-25 LTP signalled that Council will consider whether the current scheme based approach to funding the provision of water is economically sustainable, or whether we should move to an alternative. This issue will be addressed within the first five years of this LTP as significant water projects are planned in the next 10 years, otherwise targeted rates for water may become unaffordable for the smaller communities.

Renewals
In the 2015-25 long term plan we identified that we did not have complete information about the condition of our underground infrastructure. As a result we invested in condition assessment programmes over the last three years. The results of these investigations have shown us that we need to invest more in the renewal of our infrastructure assets over the next 10 years to ensure that we maintain levels of service. This has been reflected in this 2018-28 long term plan where our ten year renewals programme has increased from 98 million to 149 million.

Capital expenditure
There have been a number of factors that have resulted in an increase to the capital expenditure programme within this long term plan. These include the accelerated growth in some areas of the district such as Taupo town, which has required additional projects such as Tauhara ridge reservoir to be included. Also we need to ensure our infrastructure is resilient to failures so we have included water security of supply projects such as the Poihipi reservoir (a component of this project is for growth and a component for resilience). Changes in legislative standards have caused a change in consent requirements, which have resulted in projects being brought forward. For example the Atiamuri wastewater project. There are several projects in this long term plan which will increase the level of service provided to the community such as the transportation projects relating to improving traffic flow through Taupo's CBD. Council has also set aside $2.5 million as a contribution to an upgrade of the Taupo airport contingent on the Taupo Airport Authority being able to attract government funding. This long term plan provides for upgrades to the remaining water schemes required to meet the NZ drinking water standards which will increase the levels of services to those communities.

Due to the success of the financial strategy over the last 6 years this has enabled the council to include place making projects in this long term plan. This supports the Council's current vision of being the most prosperous and liveable region in the North Island by 2022.

Council offices
We have had to vacate our Council administration building due to high costs for earthquake strengthening and asbestos removal. Council is currently leasing six individual offices in the Taupo CBD and so is undertaking a project to identify the best solution for a future council building. As part of the site selection process an opportunity has been identified to combine some civic/community functions on one of the possible sites. $15million has been included in years 3 and 4 of this long term plan for this project.

Our approach going forward

We have set ourselves a number of financial goals that we intend to achieve by 2028. These goals support our three key principles of this financial strategy:

- Keeping rates affordable and sustainable
- Looking after the assets we have while maintaining levels of service
- Prudent management of our investments and borrowings

These goals are intended to assist in addressing the challenges that we have identified.

Financial Prudence	1. **Run a balanced budget in every year of the long term plan. This means that operating income will meet or exceed operating expenditure in each year.** 2. **Maintain Council's AA Standard & Poors (S&P) credit rating**
Income	3. Annually review fees and charges revenue to ensure that they are set at the appropriate levels. 4. Continue the sale of surplus land assets to reduce debt. 5. Investigate opportunities for growing non-rate revenue to reduce the reliance on rates. 6. Complete the removal of the TEL income rates subsidy by June 2020.
Rates	7. Maintain the limit on rates revenue at 80% of operating revenue. 8. Limit rates increases to LGCI + 1.5% in each year of the long term plan. 9. Investigate taking a district wide approach to the funding of the separate water schemes to achieve financial sustainability for the water activity.
Expenditure	10. Continue to fund 100% of the wearing out of assets over their lifetime (funding of depreciation) in each year of the long term plan. 11. Continue to fund the growth component of capital expenditure projects by development contributions and developer agreements. 12. Improve the delivery performance of the planned capital expenditure programme by implementing a new planning and project management framework. 13. Increase third party funding for new community projects by building closer relationships with other agencies, government departments and community groups. 14. Look after the assets we have by providing sufficient renewal budgets from reserve funds or loans to meet the asset renewal programmes outlined in the asset management plans.
Borrowing	15. Maintain gross external borrowing below 200% of operating revenue. 16. Maintain borrowing costs to below 10% of revenue in each year of the long term plan.
Levels of service	17. Maintain levels of service as set out in the long term plan 2018-28.
Planning for emergency events and contingencies	18. Grow the disaster recovery reserve contributions from $100k per annum to $500k per annum by 2028. This will grow the disaster recovery reserve to $5.0m by 2028. Due to the uncertainty of disaster events, no drawdown of the fund has been budgeted. 19. Maintain the capital of the TEL community fund to be available as part of a disaster recovery fund 20. Maintain appropriate insurance cover, activity budgets and committed borrowing facilities to mitigate costs related to unexpected events.

Keeping rates affordable and sustainable

It is always a balancing act between meeting the wants and needs of our communities whilst keeping rates affordable and sustainable. This financial strategy has been prepared with this at the forefront of our thinking.

Financial Prudence

Council will maintain a balanced budget in every year of the long term plan. This means that Council will ensure that operating revenue is set at a level that meets or exceeds operating expenditure. Council aims to provide certainty around affordable rates increases over time and to plans to avoid volatility of large rate increases in some years followed by smaller increases in other years. Council manages this by smoothing the capital works programme where appropriate and in the outer years of this strategy we plan to run some small surpluses. These surpluses will be applied to debt reduction.

Council has maintained its AA credit rating from Standard & Poors (S&P). This is reflective of Council's strong financial management and budgetary performance. Council's strategy is to retain its AA credit rating by ensuring that it operates in a financially prudent manner and stays within the limits imposed within this financial strategy.

Income

Council's main source of operating revenue is from rates, both general and targeted. In addition to this Council receives revenue from fees & charges for a wide variety of the services that we deliver. Council's revenue and financing policy sets out the funding sources for services that Council delivers. Council will review its fees & charges annually to ensure that they are set at appropriate levels and comply with the funding ranges set in the revenue and financing policy.

Council has identified surplus non-strategic land that it owns (which includes residential, commercial and industrial land), and has been actively marketing this land as market conditions allow. Council has forecast property sales throughout the 10 years of the long-term plan. The proceeds will be used for debt reduction. Given the nature of the property market the timing of these sales may vary to what has been forecast. This will have a flow on impact to the timing of debt reduction to what is forecast in the long term plan. Council owns forests at Tirohanga and Rangataiki. These forests will be harvested as they reach maturity with the net proceeds to be applied to reducing debt.

Council will investigate opportunities for growing non-rate revenue to reduce the reliance on rates whilst remaining cognisant that the current rates revenue stream significantly shields Council from cycles in the national and regional economy.

This strategy continues Councils commitment to removing the rates subsidy provided by the TEL fund by June 2020 and establishing a "TEL community fund". The future income from the TEL community fund will be available as partnership funding for approved community projects

Rates

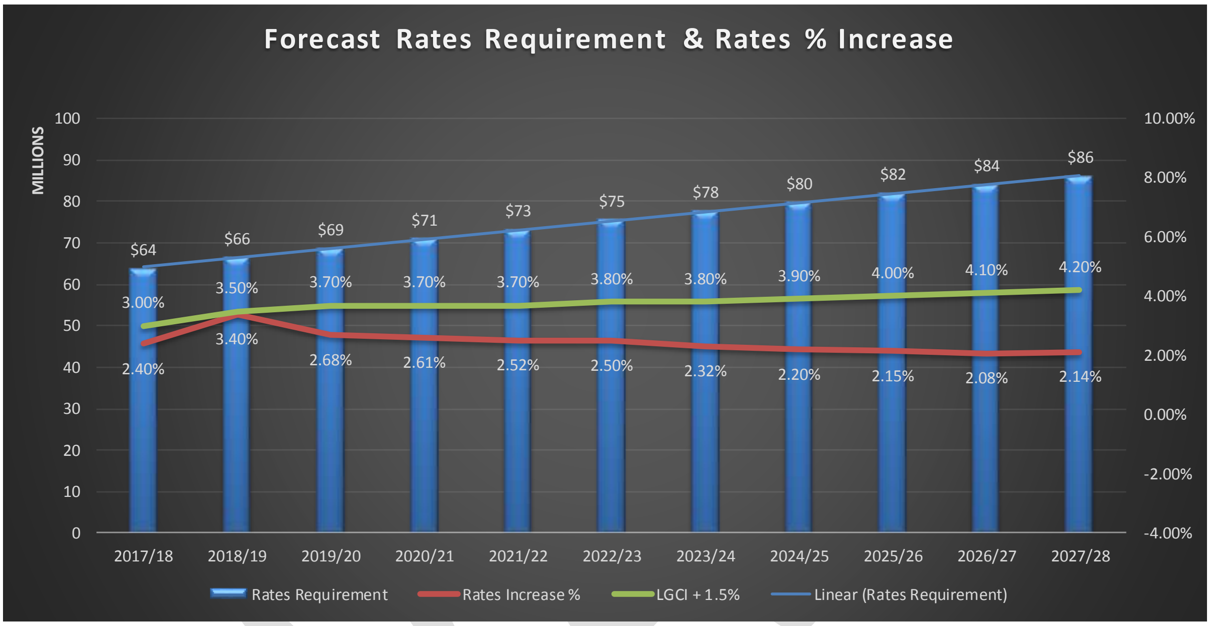
To help achieve what we think is a good balance we have set the following limits on rates:

- Total rates revenue must not exceed 80% of operating revenues
- Rate increases may not exceed the forecast Local Government Cost Index (LGCI) +1.5%

On current economic projections, this equates to a rate increase limit of between 3.5% - 4.2% (after adjusting for growth in rateable properties) over the 10 years of the Long-term plan.

Local government infrastructure costs, as measured by the Local Government Cost Index (LGCI) increase at a higher rate than the Consumer Price Index (CPI). We believe that the limits that we have set for rates still allow us to provide for and maintain existing levels of service and to meet any additional demand for services.

Council currently has a heavy reliance on rates as the main source of operating income. The current limit on rates revenue “that it must not exceed 80% of total operating revenue” will be maintained in this strategy.



Districtwide funding of Water

In this Long-term Plan 2018 – 28 Council will give consideration to whether the current scheme based approach to funding the provision of water is economically sustainable, or whether to move to an alternative, like district-wide funding of residential water supply (similar to how wastewater is currently funded).

Providing clean, safe drinking water to our communities is one of the core services that Council provides. Access to water is also essential for economic development in the district.
Working towards meeting drinking water standards set by the Government, and ensuring security of supply, means that we need to upgrade a number of Council water treatment plants. We also need to continue to operate and maintain the 19 water schemes across the district.

The objectives for moving to a districtwide funding approach to water are:

- To ensure that the on-going provision of clean, safe drinking water is financially sustainable and affordable for all communities connected to a Council water supply scheme
- To create a simple and easily understood rating system for the provision of water services

Looking after the assets we have while maintaining levels of service

The Council is tasked with providing good quality local infrastructure, local public services, and cost effective regulatory functions. This financial strategy is designed to maintain the level of services, facilities and regulatory functions provided by the Council.

Expenditure

Council will continue to fund 100% of depreciation of its assets over the assets lifecycle. This methodology is used to provide intergenerational equity in that each year ratepayers are contributing to the consumption or wearing out of the assets used in that year. This also means that Council is setting aside funding for the eventual replacement of those assets.

Council will continue to use Development Contributions and Developer agreements to fund the growth proportion of new assets required as a consequence of growth. This methodology ensures an equitable funding split to the cost of new assets.

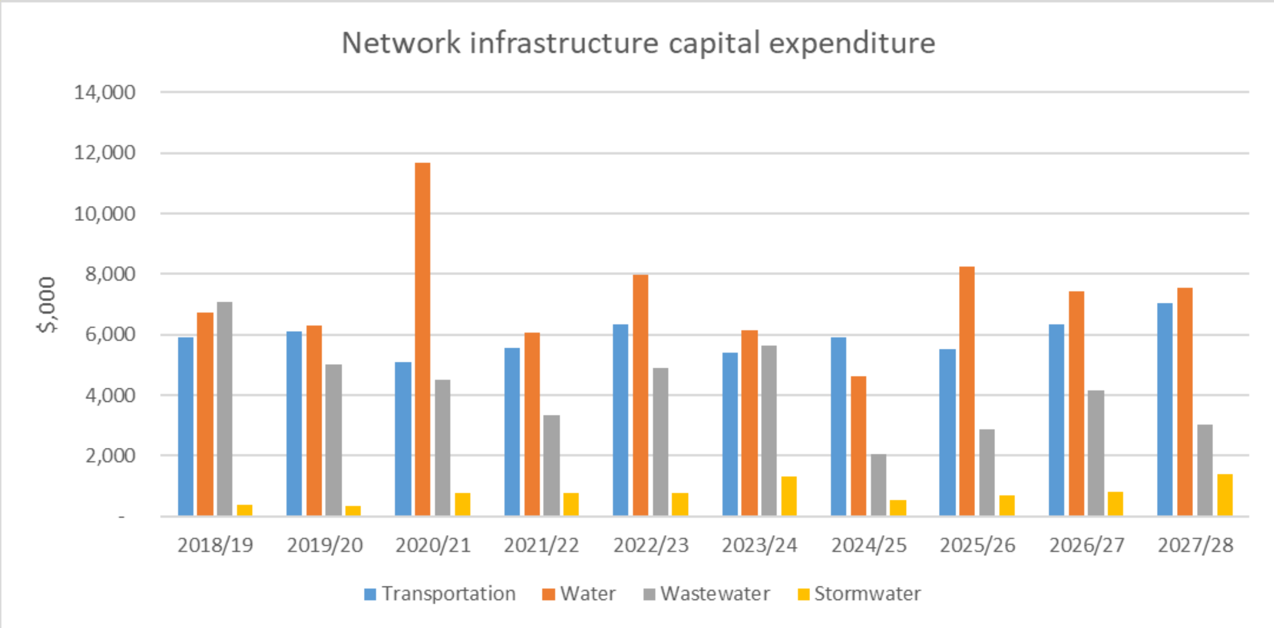
Council has had a poor record of delivering all of its capital works programme in recent years. As a result we have implemented a new project management framework and have a focus on improving the planning and delivery of capital projects.

Council will investigate opportunities to grow its sources of third party funding for new capital projects. Council will achieve this by building closer relationships with other agencies, government departments and community groups. Recent examples of this are the Ministry of Health funding on upgrading water schemes. The government has also announced the tourism infrastructure and regional economic development funds to which we have applied for funding.

A key strand of Councils financial strategy for many years has been to look after the assets that we have whilst maintaining levels of service. Council will maintain its existing levels of service. Council will achieve this by continuing its investment in condition assessment programmes for its assets and also by continuing its investment in robust asset management systems that capture the full the information about the assets to enable Council to plan asset renewal programmes and provide for the funding of those renewals as outlined in the asset management plans. Due to the condition assessment programmes over the last three years we now better understand the condition of our assets which has resulted in a more accurate and increased renewals programme. The focus on increasing the knowledge of the condition of Council's assets will continue in this strategy.

Asset renewal planning is at various stages of maturity across the Council's asset groups, from renewals based on detailed asset condition information to renewals based on life expectancy.

Our proposed capital programme reflects the existing capacity within our infrastructure network and is considered sufficient to cater for the expected changes in population and land use and maintain our current levels of service. The graph below illustrates our proposed combined capital and renewal expenditure for each of the network infrastructure activities over the ten years of the plan.


Network infrastructure capital expenditure
$,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
-
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
Transportation
Water
Wastewater
Stormwater

Prudent Management of our investments and borrowings

This strategy maintains Councils current prudent and conservative approach to the management of its investments and borrowings to ensure that todays and future generations of ratepayers share both the benefits and the costs of Council services.

This financial strategy continues to build capacity within our balance sheet through the management of our investments and borrowings to accommodate any unforeseen financial circumstances in the future.

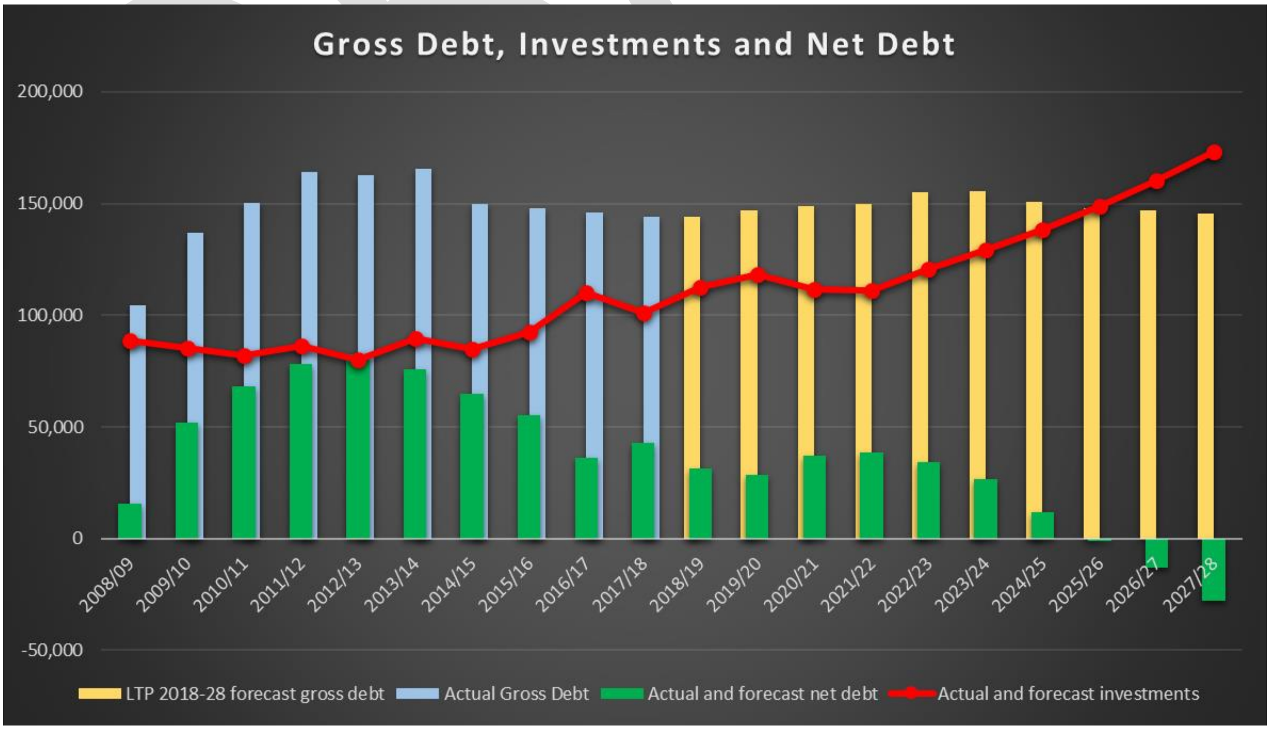
Borrowing

This strategy targets maintaining Councils gross external borrowing below 200% of operating revenue. This will be achieved by a combination of prioritising the timing of new capital expenditure and applying property and forestry sales to debt reduction. This approach needs to be actively managed and monitored by Council to achieve the goal.

Council currently meets the Debt servicing benchmark (borrowing costs to be below 10% of revenue) set by the Governments financial prudence regulations. This strategy will ensure that Council continues to meet this benchmark. This will be achieved by a combination of managing debt levels, borrowing costs and increasing revenue.

Investments

Council has significant financial investments, including the TEL Fund, these investments offset a relatively high level of gross debt, which results in a current net debt as at 30 June 2017 of $36 million. This level of net debt is prudent and sustainable for the size of the district and the assets the Council owns.



Planning for emergency events and contingencies

Council maintains a disaster recovery reserve as one element of planning for unexpected natural disasters. Currently Council contributes $100,000 per annum to this reserve. This strategy aims to increase that contribution by $50,000 per annum in each year of this strategy until the contribution reaches $500,000 per annum in 2027. Provided no withdrawals are required from this disaster recovery fund over the 10 year life of this strategy the balance available in the fund in 2028 will be $5.0 million.

Policy on giving security for borrowing

The Council normally secures its borrowings against rates income. The Council has a Debenture Trust Deed that provides the mechanism for lenders to have a charge over its rates income.

The Council may provide security over specific assets. This is limited to where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

For further information on Council's approach to borrowing, refer to the Liability Management Policy (part of the Treasury Management Policy).

Financial investments and equity securities

Financial Investments

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied. Council will act effectively and appropriately to:

- Protect the Council's investments.
- Ensure the investments benefit the Council's ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

Council's general and special fund investment returns are benchmarked to a market interest rate. The market interest rate is the mid-point Policy benchmark rate based on 0-12 months where there are enforced minimum percentages. The benchmark is constructed as follows:

50.0% 6-month BKBM mid-rate (average of reporting month)

50.0% 6-month BKBM mid-rate, 6 months ago (average of month)

= 100%

TEL Fund

The TEL fund was established after Taupō Electricity Limited (TEL) and Taupō Generation Limited (TGL) were sold in 1995. Council historically used the TEL revenue to fund Council projects and/or subsidise rates.

Council decided in 2015 to use the assets of the TEL Fund to create a community fund and that the revenue be used to fund community projects. Council has been steadily reducing the amount of income applied as a rates subsidy since 2015. This means that in June 2020 the TEL fund would be inflation proofed with a projected value of approximately $59 million, and the income from the fund (projected to be $1.3 million after inflation proofing) could be dedicated to community projects.

The TEL fund has additional benefits to our community. Council's Standard and Poor's (S&P) credit rating is enhanced by the high level of liquidity that the fund offers. In the event of a natural disaster Government funds 60 per cent of underground assets with Council being required to fund the rest. Having the TEL fund means that Council can fund its share without having to pay a significant insurance premium.

Council would like the TEL Fund Portfolio to earn at least a return of between 100 and 200 basis points higher than the 90 day bill rate.

Equity Securities

The Council maintains equity investments and other minor shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP. Equity investments may be held where Council considers there to be strategic community value.

The Council's main equity investments are held in the TEL Fund. The Council also has an equity shareholding in the Taupo Airport Authority, the New Zealand Local Government Funding Agency Limited, and the New Zealand Local Government Insurance Corporation Limited.

The Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment.

Taupo District Council also holds other asset investments. These comprise commercial, industrial and residential land investments, forestry investments, commercial and semi commercial property, including community housing and camping grounds.

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 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

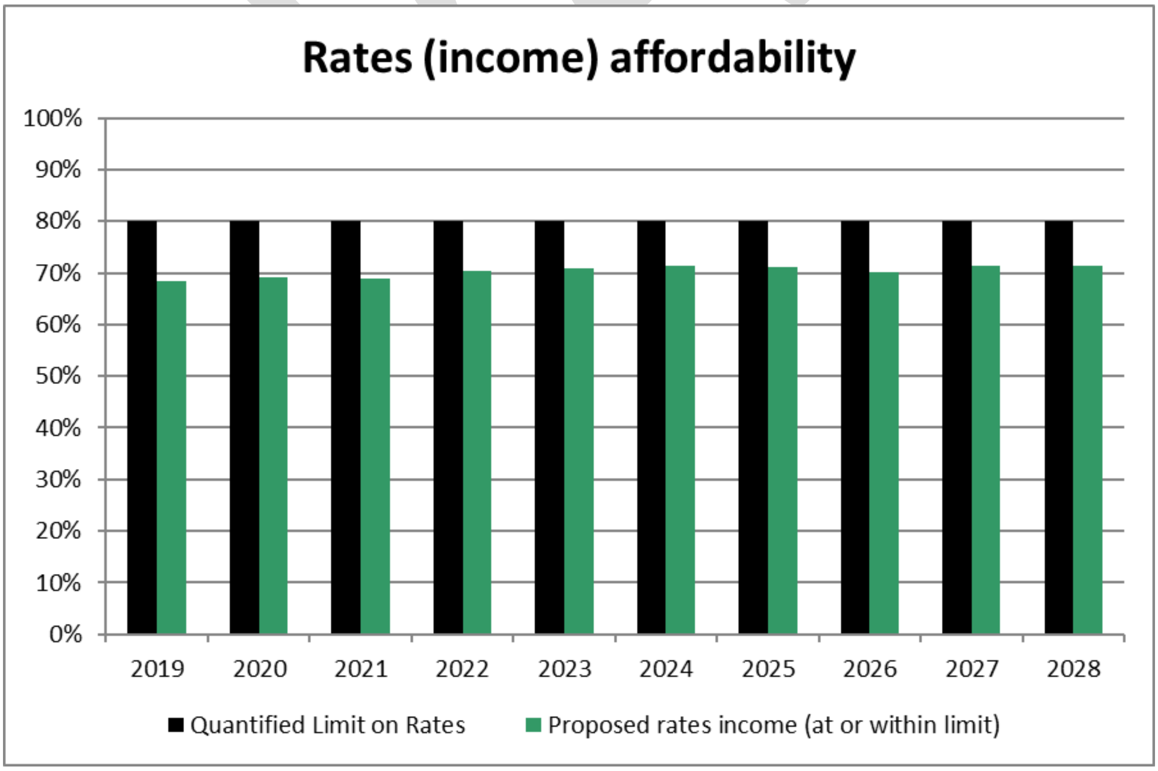
Council meets the rates affordability benchmark if:

- 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.

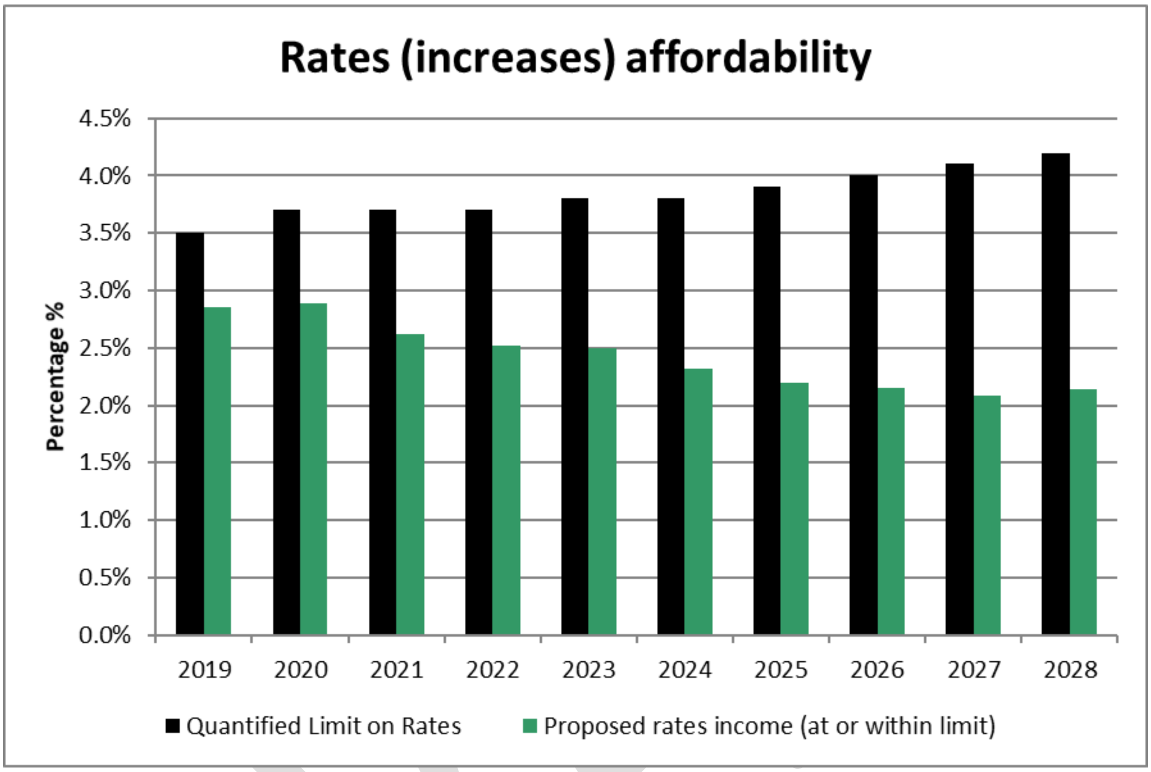
Council meets this benchmark for the 10 years of the plan.



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 + 1.5 per cent.

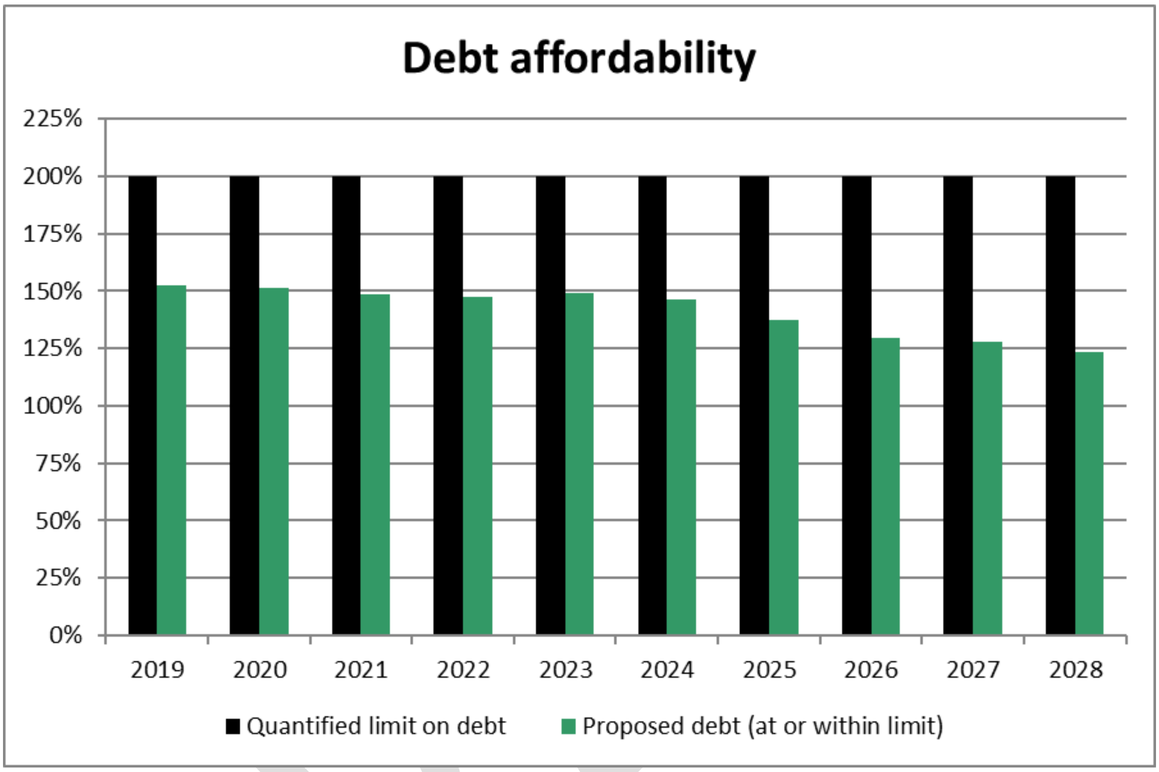
Council meets this benchmark for the 10 years of the plan.



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 200% of annual operating income.

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

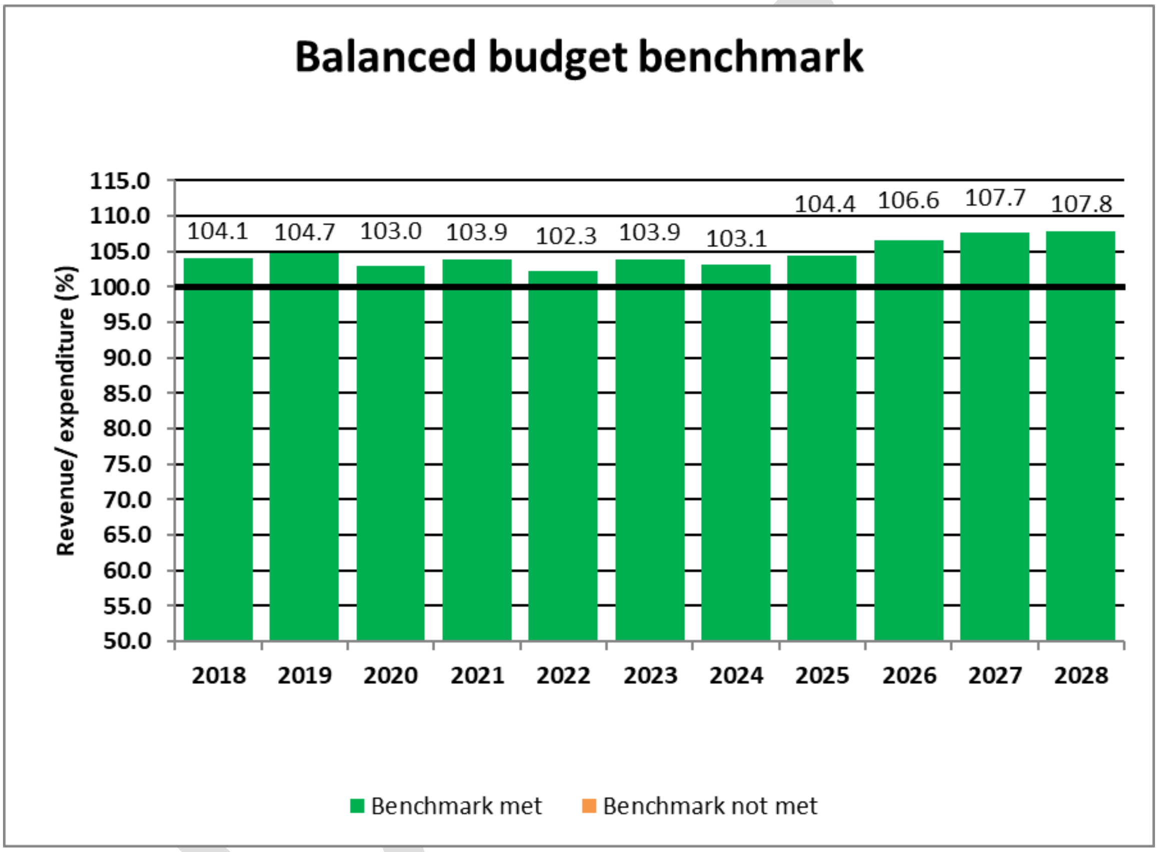


Balanced budget benchmark

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 derivate 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.

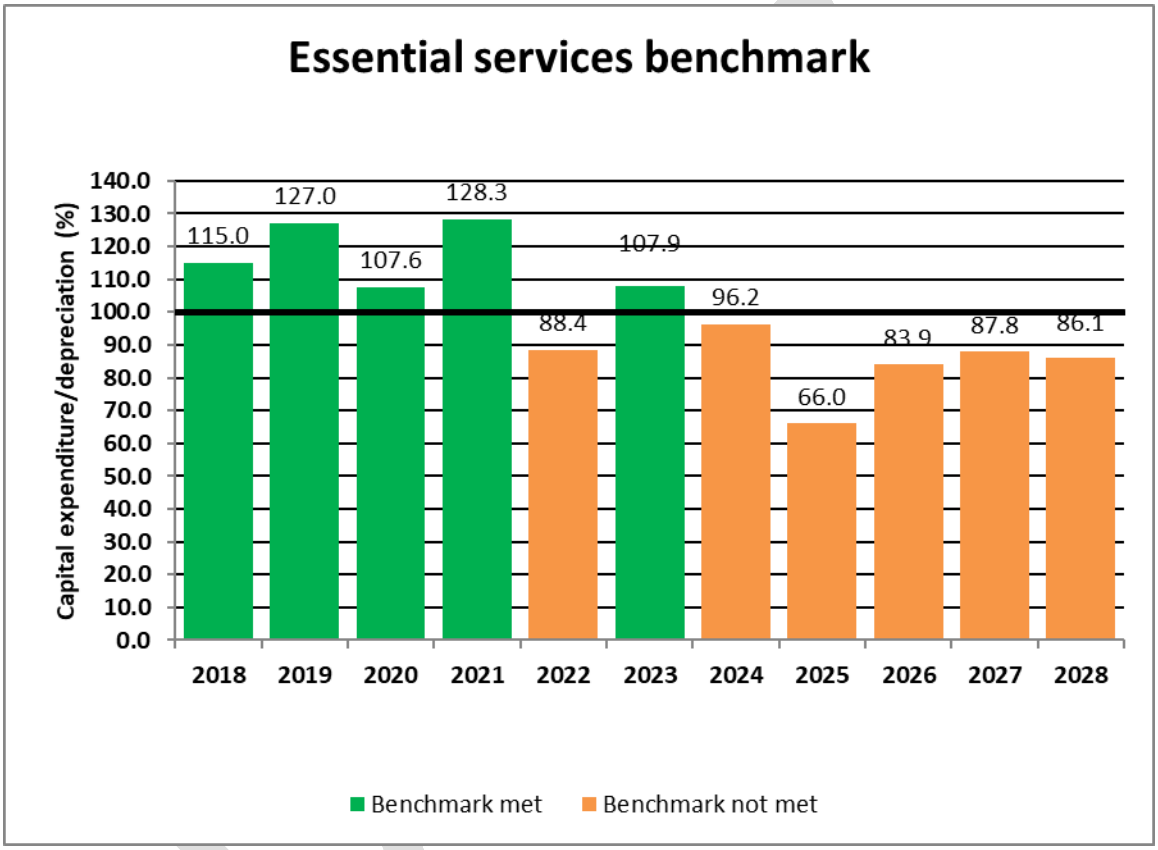


Essential services benchmark

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 exceeds this benchmark in 4 out of 5 of the first 5 years of this plan. Council through its asset management plans has developed renewal programmes for its assets based on when they need replacing. This level of 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 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.

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