



Napier City Council

PRUDENCE BENCHMARKS

Supporting document for the LTP
Consultation Document 2018



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

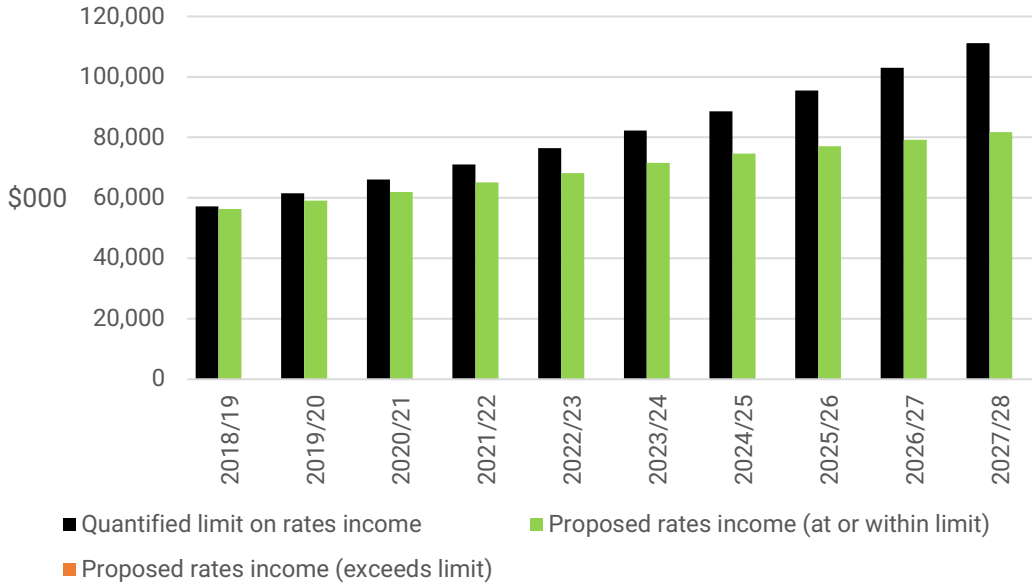
Rates affordability benchmark

The council meets the rates affordability benchmark if—

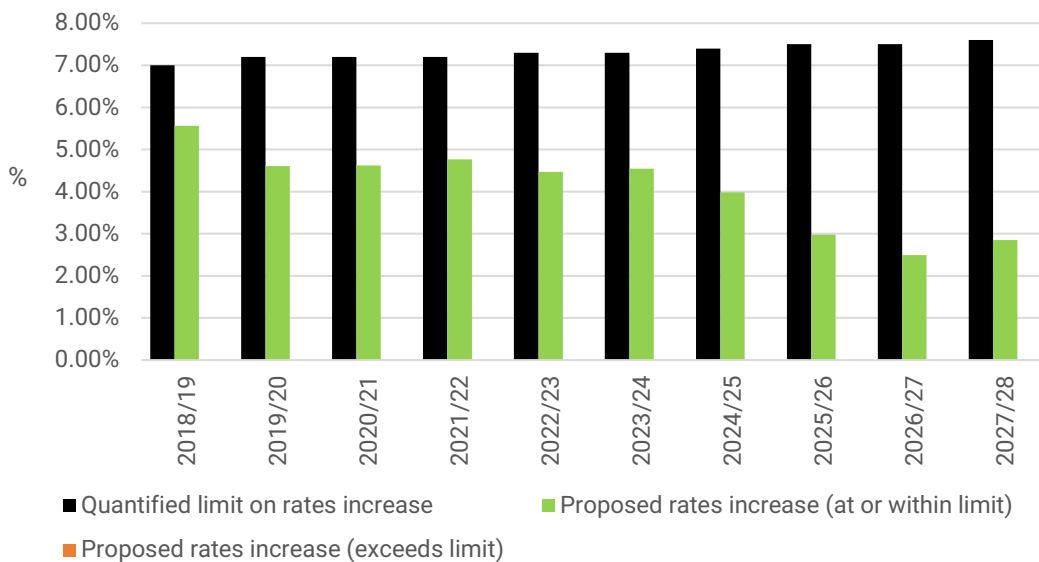
its planned rates income equals or is less than each quantified limit on rates; and

its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability



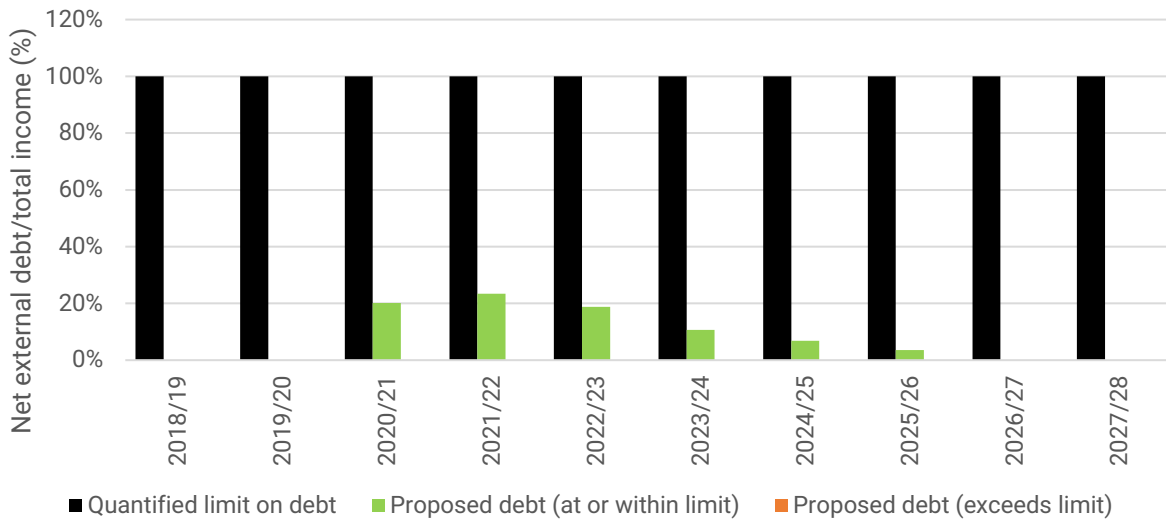
The following graph compares the council’s planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is LGCI plus 5%.



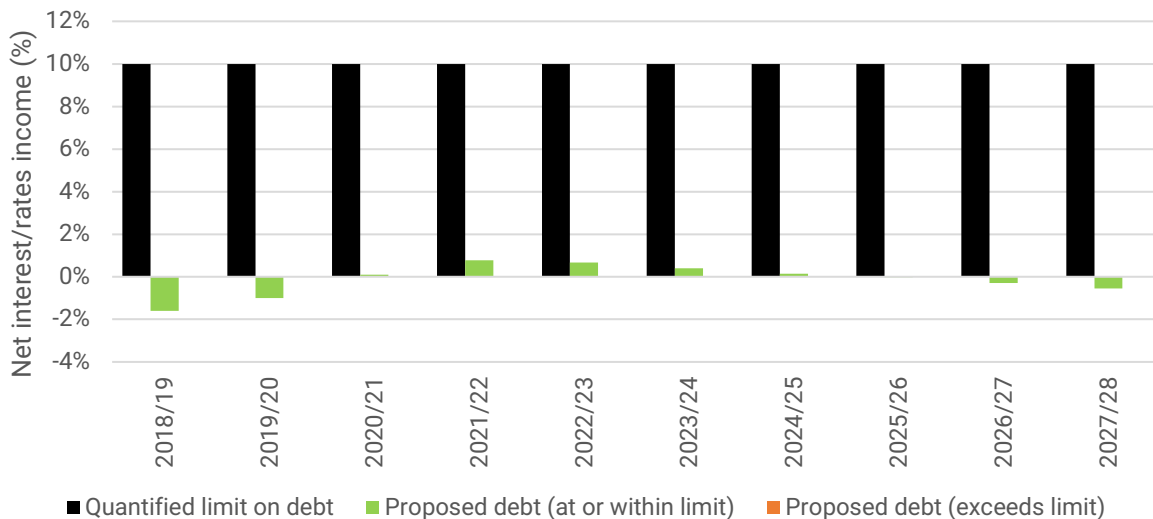
Debt affordability benchmark

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 net external debt as a percentage of total income will not exceed 100%.



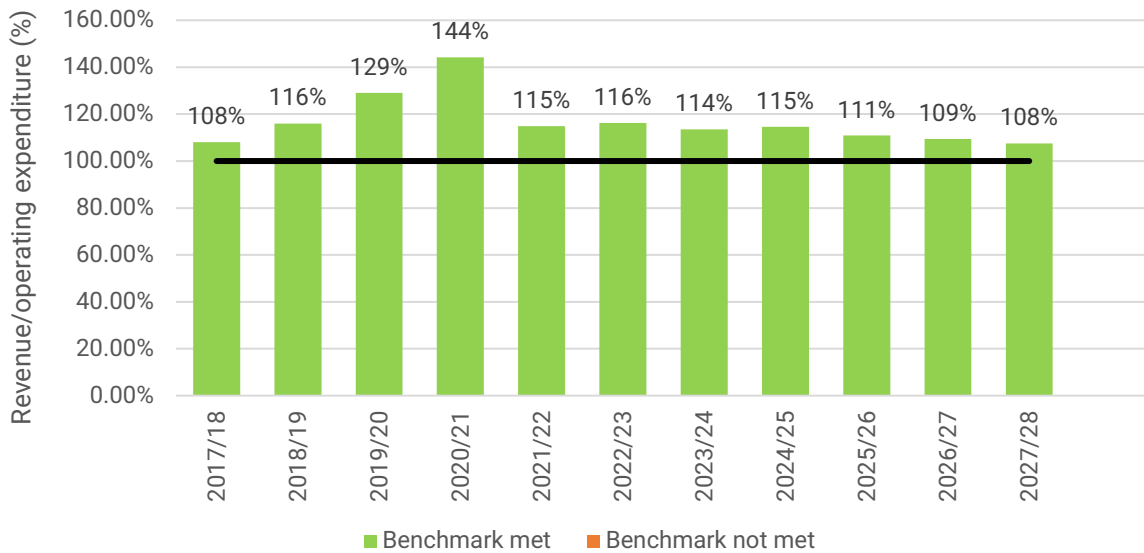
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is net interest expense as a percentage of total income will not exceed 10%.



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).

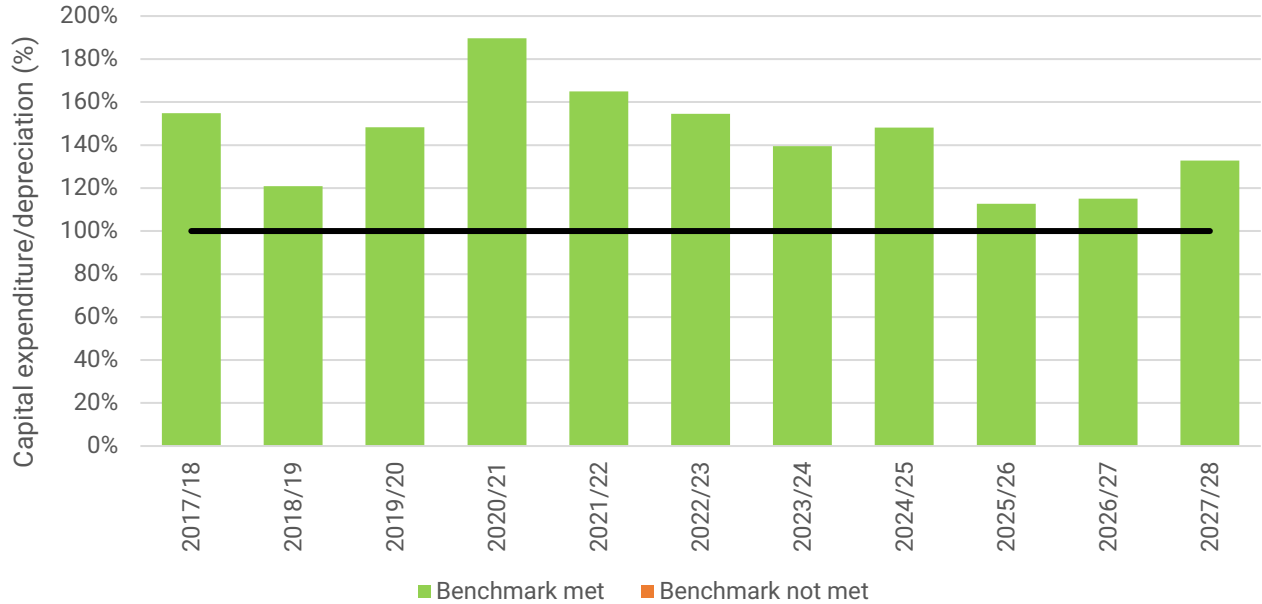
The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



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.

