

RATES, DEBT & INVESTMENTS UPDATE

THIS IS AN EXTRACT FROM THE DRAFT ANNUAL PLAN 2026/27 CONSULTATION DOCUMENT.

There are some differences between what was forecast for 2026/27 in the Long Term Plan 2024/34, and the updated forecasts we are looking at now for the proposed Annual Plan 2026/27. The main variances are included in this section.

UPDATED DRAFT FORECASTS FOR RATES, DEBT & INVESTMENTS

Please note all figures included in this document are rounded to the nearest \$1,000.

(All in \$000s)	LONG TERM PLAN 2026/27	ANNUAL PLAN 2026/27	DIFFERENCE
RATES			
Total (excluding penalties) (\$000)	50,292	49,693	(599)
Forecast rates change (%)	18.92%	20.58%	1.66%
Rates limit at 20%	50,750	49,454	(1,296)
DEBT			
Net debt	186,830	184,614	(2,216)
External interest costs as a % of rates	13%	9%	(4%)
Debt limit	224,815	218,005	(5,810)
EXTERNAL INVESTMENTS			
Closing balance	27,552	28,769	1,217
Interest earned	1,414	1,165	(249)
Amount to off-set rates	834	834	-

UPDATED RATES FORECAST

The change in rates from the 2026/27 year in the Long Term Plan is mostly the result of a review of Council projects and an update to the timing of these. While the total rates revenue is less than the LTP, the percentage movement is more than the LTP because Council made decisions at the last annual plan to reduce the rates movement below the LTP prediction for year two, from 19.64% to 16.67%.

UPDATED DEBT FORECAST

The change in debt from the 2026/27 year in the Long Term Plan is mostly the result of a review of Council projects and an update to the timing of these.

UPDATED INVESTMENT FORECAST

Starting value of our Nikko investment portfolio is higher than the initial LTP, however interest earned is lower due to updating our budgeted interest rate from 5.25% to 4.1%.

ESTIMATED AVERAGE RATES INCREASE

Currently, Council's **proposed average** rates increase is 20.58% across the whole district.

This is slightly higher than what is referenced in the Long Term Plan 2024/34, where we set a self-imposed limit of no more than 20% p.a during the first three years of the plan.

It's important to note that this figure is indicative, because the decisions that Council makes when setting the Annual Plan may alter the overall rates increase. Council expects to end up within the limit.

After the consultation process, Council will be making decisions for this Annual Plan 2026/27 on 19 & 21 May 2026, and these decisions will affect the final average rates increase for our district.

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

ANNUAL PLAN DISCLOSURE STATEMENT FOR THE PERIOD ENDING 30 JUNE 2027

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 terms used in this statement.

BENCHMARK	LIMIT	PLANNED	MET
Rates affordability benchmark			
Income	49,450	49,690	No
Increases	20%	20.58%	No
Debt affordability benchmarks	280%	237%	Yes
Balanced budget benchmark	100%	83.3%	No
Essential services benchmark	100%	148%	Yes
Debt servicing benchmark	10%	9.0%	Yes

RATES AFFORDABILITY BENCHMARK

For this benchmark –

- The Council's planned rates income for the year is compared with the 2026 actual rates plus 20%; and
- The Council's planned rates increases for the year is compared with 20% on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.

The Council meets the rates affordability benchmark if –

- Its planned rates income for the year equals or is less than each quantified limit on rates; and
- Its planned rates increases for the year equal or are less than each quantified limit on rates increases.

DEBT AFFORDABILITY BENCHMARK

For this benchmark, the Council's planned borrowing is compared with 280% of revenue limit on borrowing contained in the financial strategy included in the Council's Long Term Plan.

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

BALANCED BUDGET BENCHMARK

For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains in 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).
- The Council meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.