

Disclosure statement

For the year ending 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings.

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 of the terms used in this statement.

Benchmark	Quantified Limit / Target	Planned	Met
Rates affordability			
• Rates (Income) affordability	\$62.44 million	\$61.92 million	Yes
• Rates (increase) affordability	5.5%	5.9%	No ¹
Debt affordability benchmark	\$200 million	\$171.36 million	Yes ²
Balanced budget benchmark	100%	98.5%	No ³
Essential services benchmark	100%	135%	Yes
Debt servicing benchmark	10%	12.4%	No ⁴

1. More frequent severe weather events and the November 2016 Kaikoura earthquake have changed the Kāpiti operating environment. A higher average rates increase is necessary to better our community resilience and respond to unforeseen additional work resulting from recent legislative changes.
2. Total borrowing should not exceed the quantified limit of \$200 million. Council's total net borrowing will be \$171 million in 2017/18. Gross borrowing is forecast to be \$186 million of which \$15 million is part of the Council's prefunding strategy and so is readily available to repay borrowings.
3. Kāpiti Coast District Council has not met this benchmark due to its policy of non-funded depreciation of infrastructure assets.
4. The Council's net finance expense exceeds 10% of total revenue mainly due to significant capital investment in the Kāpiti District over the past five years